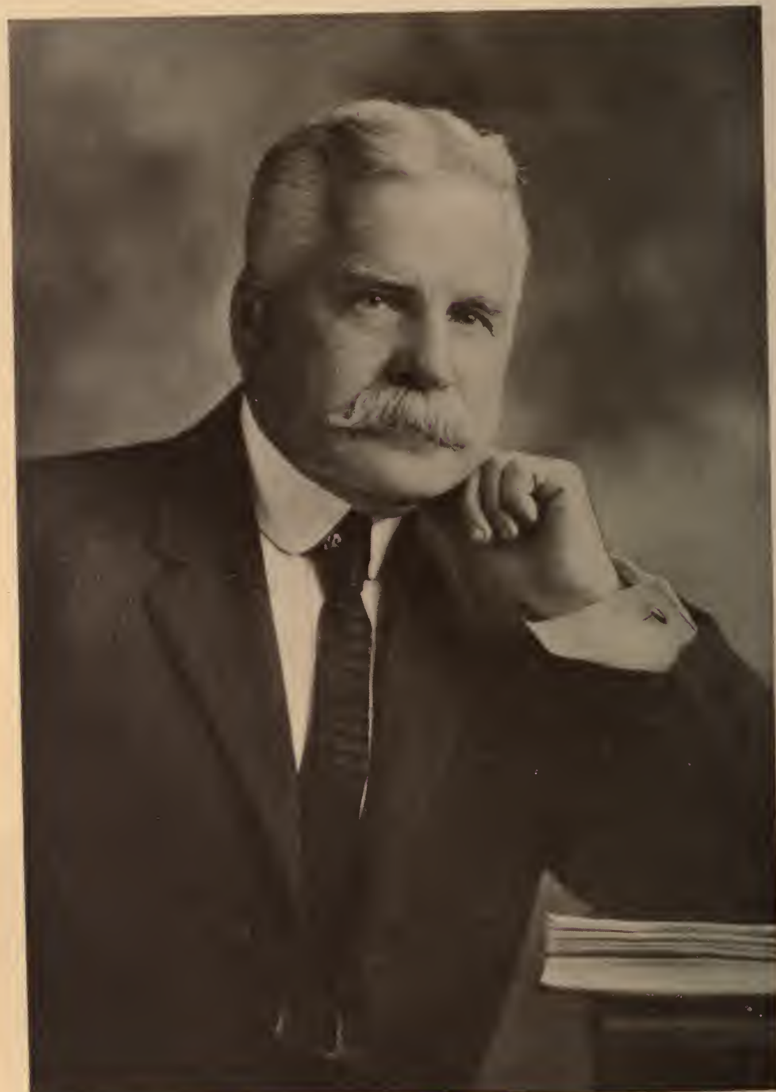
High Cost of Living

Cause

Remedy



T. Cushing Daniel

*The biggest question before the world today is money—
Other questions are important chiefly as they bear on this
overshadowing problem*

High Cost of Living

CAUSE—REMEDY

By

T. CUSHING DANIEL
Author of Daniel on Real Money

If a people, country, state, or nation, be bonded for all the assessed value of its property, the bond-holders and not the people are the owners of it

Published by
THE MONETARY EDUCATIONAL BUREAU
Washington, D. C.

National Capital Press, Inc.
Book Manufacturers
Washington, D. C.

DEDICATED

to the

Honest Workers

and

Real Producers of the World

CONTENTS

EVIL EFFECTS OF A FALSE MONEY-SYSTEM.

THE mental attitude of our whole people has been so affected with skepticism that our business men can no longer deal with them in candor and fairness. Yet the competition in all lines of business has become so intense that it forces them to resort to all kinds of deception in order to get a mere living and meet their monied obligations.

¶This demoralization reaches the professional class, forcing them to all kinds of questionable practices to meet the high cost of living. Many of them are living dishonorably, unable to gain their self-approval, without which life is a failure.

¶We see high finance in a John D. Rockefeller, head of a trust declared by the United States Supreme Court to be a criminal conspiracy. Yet, when forced to take the witness stand, he is under the protecting care of three of the reputedly great legal luminaries of this country, who had prostituted their intellects for money, to keep him from telling the truth to the people.

¶We then see the guardians of high finance represented in Joseph H. Choate, a former ambassador to England, Jno. C. Spooner, an ex-Senator of the United States, who had ostensibly represented the people most of his life in the Senate, and Francis Lynde Stetson, the legal adviser of J. P. Morgan in trust building and bond deals against the United States Treasury. This mighty trio, for a valuable consideration, appear

against the interests of the American people to see that a partner of J. P. Morgan & Co. does not tell the whole truth before a Committee of Congress appointed to investigate the "Money Trust," affecting the circulating medium, that measures the value of the property of every man, woman and child in this country.

¶ Yet these men are regarded as an ornament to the legal profession.

¶ We then pass to the highest tribunal, the citadel of last resort, where the people might hope for justice, and we see the Supreme Court of the United States, by a usurpation of power, undoing the will of the people as embodied in an act of Congress in the interest of the trust combinations and against that of the people.

¶ This has become a great moral as well as economic question, and the evil effects are shown in the conditions of our whole people.

¶ We see today millions crowded into our big cities where it is a physical impossibility for them honestly to earn enough to get three meals a day and a place to sleep. A great many in moderate circumstances realize that on account of the high cost of living it is impossible for them by hard work to earn enough to marry and establish a home. Therefore, millions of them live in unholy relations resulting in moral degradation.

¶ Vernon M. Cady, lecturer of the American Federation of Sex Hygiene, made the following statement in his lecture delivered in Washington:

¶ "Mr. Cady declared that there are 300,000 registered white slaves in this country and that the police of the various cities estimate that there are one million more not registered. He declared

that every moment's delay in not stamping out the white slave traffic is not only costly to society today but to the human race of the future.

¶ Home is the foundation of our moral and religious life. Home is the atmosphere of character building, and all conditions should conduce to this all-important end.

¶ To multiply happy homes is, therefore, the greatest achievement of human government and is essential to the upbuilding of the character of a people without which all forms of government will inevitably result in failure.

¶ By this test the records and the facts already demonstrate our failure. A dishonest and economically false money system has created artificial conditions, bringing about a high cost of living that makes it a physical impossibility for the honest young men and women of today to marry and establish homes, although living in a land of almost boundless resources.

¶ The statesman, so-called, and legislator will look upon this picture and admit its truth and straightway shift the responsibility by saying it's a moral question and should be solved and remedied by the Church.

¶ The Clergy will be much affected and preach Sunday sermons on the subject, thereby relieving themselves of any further responsibility, or by saying it is a political question and we should not meddle in politics.

¶ What chance does the religion of Christ have as a moral force upon the people surrounded by such conditions?

¶ I ask those who have assumed the sacred obligation of being the representatives of God and responsible for the preservation of the Christian

Religion, as taught by Christ, and the salvation of human souls, "What answer have you to make for these conditions?"

¶ This has become a vital moral as well as economic question that no man on this earth can neglect and perform his simple duty as a citizen.

¶ How far greater is the responsibility upon those who have openly dedicated their lives to the Christian Religion and the good of mankind!

¶ The cause and remedy are plainly outlined in this production and a call is made upon every honest man who loves his family, his neighbor, his country, and his God, to put the remedy in force. The people must save themselves. Their representatives in Congress have been "weighed in the balance and found wanting."

¶ The vital question to be determined is: Shall the Government be controlled **by the people** or **by the power of money?** It is therefore a matter of deepest and most widespread importance to the whole people of the United States and to their latest posterity.

¶ Under the present system we have become a nation of debtors, and the borrower is but the servant of the lender.

¶ Millions of men every day in the year appear in the presence of the money-lender, not as a freeman asking for the use of money for which he is prepared to give good security and pay the lawful rate of interest, but like a supplicant asking for favors and the very manner of condescension and superiority with which the money-lender grants the loan carries with it an implied obligation, the borrower must be good, attend strictly to business, and be in sympathy with the objects of the banks or he will lose its accommodation in future.

¶ Every man in this country should be in position to demand the use of money, the **medium** of **exchange for all properties,** as a right, not as a favor, and he who has land be able to borrow money at the same rate of interest as he who has bonds, in fact, if there is any discrimination it should be in favor of the real producers and not in favor of the non-producers or bond-holding class.

¶ In contrast to this we see millions of the real workers and producers cowering in the presence of the money changers, a class which the people themselves have created through Congress surrendering to National Banking Corporations the power to issue a credit currency whereby they control the money-system of the United States.

¶ I would impress upon every voter that real money can be created only by an act of sovereignty, and that each voter is an individual part of that sovereignty as a creator of money and obligates himself through this act of Congress to redeem this money in his services and property.

¶ My earnest purpose is to make every man in the United States realize his importance as a sovereign voter, and his dignity as an American citizen, and that the man is not the servant of the dollar in this Republic; but its creator and that his property is more important than money, the medium of exchange.

¶ It should be borne in mind that the value of the American dollar does not depend upon bankers or gold, but upon the National wealth of the United States created by the people. (An exhaustive treatment of this subject can be found in Daniel on Real Money—Last Edition.)

¶ As a result of the present money-system dis-

criminating in favor of money-lenders—non-producers—gamblers and parasites, the population has drifted away from agricultural pursuits—and the cities are overcrowded with non-producers.

¶ One of the direct effects of the remedy herein given would be, immediate relief and encouragement to the agricultural interests, increase the demand and value of farm lands, multiply individual homes of real producers—increase the food supply and reduce the high cost of living. Business communities would be built up in the different agricultural sections, close to the sources of supply. These prosperous communities would soon be linked together by rapid-transit facilities, where many of the amusements of the city could be reproduced without the evils and temptations of city life; thus making life in the country far more attractive, and rapidly increase its population, thus relieving the congestion of non-producers in the cities.

¶ Men would then prosper according to their merit and not according to their ability and cunning to overreach each other. These natural conditions would build up individual character and that honest American manhood which should be the glory of our civilization.

¶ It would relieve all classes of business men from that anxiety and strain put upon them by the uncertainty of being able to get money when they most need it in their business, or to protect the valuable equities in the property they have acquired.

¶ Every man should read this book and call the attention of others to it. "Eternal vigilance is the price of liberty."

TO OVERBURDEN THE FARMER IS TO DESTROY THE WHOLE OF PROSPERITY.

LET us get away from theories of governments and realize once for all that the earth supports us and whatever embarrasses and retards its productiveness, which is the beginning and the very foundation of all wealth, is hurtful to the human family and, if continued, destructive of any form of government.

¶ This is the fundamental great economic question now before the world; the tariff and such issues are all trivial in comparison. It makes no difference where a man lives; if in a great city, far away from the farm, he yet bears a definite relation to a certain piece of land that feeds him and supports him, and the test of his usefulness, from an economic standpoint, is what does he put back into the store-house of the world as a producer, for what he takes out of it as a consumer. This being a self-evident fact, that no sane man will deny, why go into all the wild speculative theories of government upon which so-called Statesmen and Politicians ride into office and live upon the taxes of the people?

¶ The Roman Senate made laws for two hundred years, and the Roman Republic went down in ruin from congestion of its people in large cities. Thomas Jefferson, a great student of his-

tory and of human government, fully realized this universal economic truth and said, "Great cities are the ulcers upon the body politic."

¶ This brings us face to face with the greatest issue of history and the cause of the failure of human governments; failure to keep man properly related to the soil. Neglect of, and discrimination against, the agricultural and productive interests through the operation of a money system altogether favorable to the development of cities and non-producers, and in favor of the manipulators and lenders of money, human parasites, living on what others have produced, is the great economic and fundamental cause of the failure of Governments. We are now face to face with this problem in the United States and the people must solve it; it **cannot be left to politicians.**

¶ When in Europe, investigating and studying the condition of the people in agricultural and industrial occupations and realizing the conditions of poverty surrounding them, I inquired if they were giving any attention to the money system under which they were living. I found they treated it as a question with which they had, and could have, nothing to do. I felt the hopelessness of their condition and in contrast to this the possibilities of the freemen and voters in the United States, who have it in their power to alter, amend, or create a money system in the interest of the whole people. Yet, when I realize the true condition of the people of the United States and see that above 90 per cent of them have already become debtors, under the operation of the same money system,—Banks of Issue emitting credit money and every conceivable credit device to

multiply debts against the people, upon which they are directly and indirectly paying interest, I realize that they are freemen only in name. The majority spend their lives in debt, working to pay interest on a substitute for money, issued through the operation of those credit contrivances by which the master gathers the earnings of the man, which means more frescoes in the mansions of the rich, more poverty in the rented homes of the real workers and producers of the world. We can now fully appreciate the tremendous significance of William Pitt's prophecy.

¶ He made the following statement when Alexander Hamilton established in the United States the first Bank of Issue, a counterpart of the English Banking system.

¶ "Let the American people go into their debt-funding schemes and banking systems, and from that hour their boasted independence will be a mere phantom."

¶ There never has been a time in the history of the United States when the farmer was treated fairly or equitably in the nature or management of the money system of the country. Although he has applied his labor to the earth, the basis of all wealth and general prosperity, in times of bad seasons when he needed money to tide him over to the next, or when he must buy seeds and farming implements, he has never received the use of money upon favorable terms as to time and interest charges, often having to execute a mortgage upon his farm, at heavy expense, for an insignificant amount of money in comparison to the real value of his property.

¶ Many men have bought farms upon the same terms that a man buys city property, one-third cash, balance in equal installments of 1, 2 and 3 years, feeling that, after they had improved the farm, they could at least carry half the purchase price in a mortgage upon the property. Loans are carried on city property as a rule at 60 per cent of their selling value. On hundreds of millions of stocks originally issued upon nothing up to 95 per cent, the value of the property having already been covered by a first mortgage of all that it is worth.

¶ Yet many an industrious farmer, after spending years of hard labor in improving his farm, has lost it and his home forever by being unable to borrow one-third of its value to take up a mortgage falling due. Any man familiar with money conditions knows that, if he buys a farm for one-third or one-half cash, he is apt to lose it unless he can pay the entire mortgage when it comes due. Thousands have tried it and been sold out, and had to move to cities.

¶ This is not all; after he has taken all the risks of bad seasons, expending a large part of his vitality and life in the raising and gathering of crops, the necessities of his family may compel him to force it instantly on the market, as he has no means of raising money in any other way.

¶ While his crops are in the ground, the speculator and banker in the large cities of the United States are preparing their plans to buy them at the lowest price, having the facilities to borrow money to do so. The crops thus bought at the lowest price are placed at the highest for the consumers to buy, and the speculator makes the profits. Without this facility to borrow money

in the city, which is denied to the farmers in the country, the speculator could not take this advantage of both farmer and consumer.

¶ A man can borrow from the financial institutions of this country, on any securities of the trusts in which they are interested, up to 90 per cent of their fictitious market value. A man would be laughed at by these financial institutions, or told a financial lie and refused if he wanted to borrow one-half the value of a farm he wished to buy in order to become a real producer.

¶ More than this, if the farmer has the good fortune to own his farm free of mortgage, he has not escaped; at the beginning of the season he is brought face to face with the fertilizer trust and he is asked to pay his proportion of the interest and dividends on the superfluous bonds and stock issued by this trust. After taking out the extravagant cost of management, exorbitant salaries for officials, and the pay roll of all of its employees, the farmer has to pay his proportion of the dividends and interest on the stock and bond indebtedness of this corporation.

¶ The International Harvester Trust then holds him up for an advanced price on all his farming implements, to pay the same charges as above enumerated, high salaries and wages, and dividends on $120,000,000 of stock. George W. Perkins is Chairman of the Finance Committee, and the trust was organized by J. P. Morgan & Company.

¶ The farmer has not yet escaped the trust vampires. At the freight depot, before he can get his crop to the market, the freight agent of the railroad demands that he shall pay his pro-

portionate part of the dividends and interest charges on the debts of the railroad system represented in Bonds and Stocks amounting to $16,767,544,827.

¶Thomas F. Ryan, a close business associate of J. P. Morgan, the organizer of the great railroad combinations, testified under oath, in New York, that 90 per cent of the stock of all the steam railroads in the United States was water.

¶It was shown by Mr. Daniel, in his statement before the Interstate Commerce Committee of the Senate, that the people were paying $78,000,000 annually in interest and dividends to the Steel Trust alone in the high prices they paid for its products.

¶The farmer deposits the net balance to his credit in bank. As soon as he begins to spend it, he finds its purchasing power has been diminished; if he travels on the railroad, he is again, in the price of his ticket, paying interest and dividends on the entire debts of the road; and a like tribute to the Flour Trust, Meat Trust, Sugar Trust, Coffee Trust, Oil Trust, Steel Trust, Lumber Trust (ad infinitum). And, when you add to this the general rise of prices caused by the inflation of our currency system with every known substitute for money that the banker and financier has been able to invent, in order to earn interest on ten imaginary dollars for every real dollar loaned, it will be seen that the real value, or purchasing power of the dollar has been taken from it by the operation of a dishonest money system, without which none of these evils could have existed.

¶Thus the farmer has paid his proportionate part of the interest and dividends on all the

paper tokens of wealth dishonestly issued by these trust combinations, and dishonestly distributed by these industrial trust promoters, J. P. Morgan & Co. et al.

The Farm That Feeds Us All.

¶ The following statement shows the value of the farming industry of the United States:

Value of land	$28,475,674,000
Value of buildings	6,325,452,000
Value of implements and machinery	1,265,150,000
Value of animals, poultry, etc.	4,925,173,000
	$40,991,449,000

¶ It is estimated that about $6,000,000,000 of money are loaned on the farming industry, at an average interest rate of 8½ per cent. These loans, as a rule, are made for comparatively short periods, and, in addition to this high rate of interest, the farmer is subjected to heavy renewal charges, legal expenses, etc. In this connection, it should be remembered that the earth is the economic mother of us all and therefore should be fundamentally the best security for money, and that the farmer has the very best security for current loans there is in the world, namely, products that go into immediate consumption, the very necessities of life, that sell in all the markets of the world, every day in the year. Yet he pays double the interest that a speculative borrower or non-producer pays upon the watered stock that he puts up as collateral for

loans in the financial institutions in the cities, which has not one dollar of real value back of it.

¶ The farmers in France and Germany obtain their loans at about one-half the rate of interest that the American farmer pays.

¶ The great financial institution in Paris, known as the Credit Foncier, was started by the government support in 1852, but has not since needed government help and, from that time till the present, has been steadily making loans without interruption from panic, war, or any other cause.

¶ Its loans at the present time amount to more than $2,000,000,000. The loaning rate is based upon about one-half the appraised valuation of the farm and the interest rate has always been less than 5 per cent, and this year, 1912, is 4½ per cent.

¶ The French farmer is therefore getting his loans at about one-half of what the American farmer is paying. If the farmer wishes to build upon his land, he can obtain a mortgage credit, based upon the value of the land and the buildings to be put up. This is a building loan; when the building is completed its cost can be added to the loan.

¶ The farmer can borrow on a time loan running from one to nine years by simply paying interest upon the loan, or he can borrow for a period of 75 years by paying upon the loans very small installments year by year. In January, 1912, this financial institution offered for subscription $100,000,000 of 3 per cent bonds in denominations of fifty dollars each and running to seventy years. It was over subscribed nineteen times. There was more than $1,900,000,000 of French money offered to the Credit Foncier on that date

at a **three per cent rate** of **interest** for seventy years, to be lent to farmers and communities by that association.

¶ I would call special attention to the time these loans have to run, in contrast to the short periods given the American farmer and the uncertainty, anxiety and constant renewal charges he is subjected to, in taking care of his loans. In the case of the French farmer, he enjoys the certainty, hopefulness and inspiration that a man feels who owns his home and can improve his farm for the benefit of his family and his children, knowing it is his, as long as he pays even the small rate of 4½ per cent interest on his loan. On the other hand, the American farmer, if he has a loan upon his property, is kept in a continuous state of uncertainty, always apprehensive that his mortgage may not be extended, and feels that he is periodically at the mercy of the money lenders whenever his mortgage becomes due. The feeling that he may lose his farm and all improvements he may have put upon it, the result of his life's work, depresses his spirits and robs him of that hope which is absolutely necessary to success or the proper enjoyment of life. Under such conditions, is it at all surprising that **men** are **leaving** the **farm,** and the **cities are being overcrowded?**

¶ By referring to the loans made to the farmers in France, or in any other reference I make to the foreign Money Systems, I do not mean to recommend to the United States to imitate them. France, although having the best money system in the world at present, has been handicapped with a National debt now amounting to $6,963,953,193.

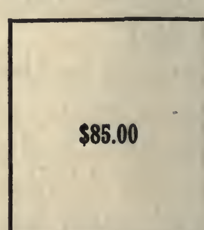
¶ Therefore, she has been unable to establish a money system owned absolutely by the French Government, although she does control the management of the Bank of France.

¶ In this connection, I would caution the American farmer not to be misled by this movement to investigate the rural credit associations of Europe in order that they may be imported into this country, or that National Banks be given the power to loan on real estate. It is not to the interest of American farmers to encourage credit institutions to multiply debts on the farms of this country—as has already been done by the trust combinations—on the industrial resources of the United States. But they should be able to borrow real money, not credit, and their first object should be to pay off the debt from the earnings of the farm as soon as possible, and be really freemen, not in debt or financial bondage.

¶ It is shown by "Daniel on Real Money" that it is only necessary for the United States to establish a Money System in accord with its Constitution, to be entirely free of a National debt, and the Government would absolutely own and control the proposed Government Bank of the United States. Agricultural loans could then be provided for as follows:

Call Loans, New York

What it costs in interest for the non-producer, speculator and parasite to borrow $1,000 on stocks and bonds for one year.



American Farm Average

What it costs in interest for a farmer who produces the necessities of life to borrow $1,000 for one year.

Agricultural Loans.

¶ The tremendous annual increase of National wealth as the result of the work of the real producers, and the increase of the population of the United States, calls for an annual increase of 3 per cent upon the total stock of money in the currency system **based upon** the **average increase per annum** for the **last ten years.** This does not include other substitutes for money emitted by banks and other corporations. This increase should be issued in **real money** by the government and the **people have** the **full benefit** of **its use,** as **they are responsible for its redemption,** and all credit substitutes for money issued or emitted by corporations, **now inflating the currency system,** should be **prohibited** by **law** under heavy penalties. As the total money now in the currency system of the United States amounts to $3,214,000,000, the annual increase would be $96,420,000. This money should be loaned by the government where it is most needed, in the agricultural section of the United States, at not more than 5 per cent interest; through the branches of the proposed government bank (See Daniel on Real Money), also using in this connection the machinery and deposits of the present postal savings banks in the thinly settled sections of the farming communities. There is no reason why the percentage of farm loans should not be based upon fifty per cent of the value of the farm. Further small amounts should be loaned to the farmer, for his seasonable needs, by his obtaining the endorsement of his negotiable note by a responsible endorser. The **interest earned** by **the**

government on all loans would reduce the taxes of the people in supporting the government, and would soon amount to a great many million dollars, and the tariff could be reduced proportionately on the things the people buy.

Drift to Cities Adds to High Cost of Living.

Consumers Have Increased Faster in United States Than Producers.

¶ Census figures now at hand show that between 1900 and 1910 the city population of the United States increased from 31,610,000 to 42,632,000, a gain of 34.8 per cent. During the same period the rural population increased only 11.2 per cent, or from 44,385,000 to 49,349,000. Thus it appears that in ten years the population which consumes farm products increased 11,013,000, while that which produces such products increased only 4,964,000.

¶ It is also to be noted, as an economic factor, that in 1900 the urban, or consuming, population, was 12,775,000 persons less than the rural, or producing, population, while in 1910 it was just the other way about to the extent of 6,726,000 persons. Then, too, all people classed in the rural population are not engaged in agricultural pursuits.

¶ The cereal crops for 1899 were grown on 184,982,000 acres. For 1909 the acreage in cereal crops was 191,396,000 acres, an increase of only 3.5 per cent. In the same time the yield of the cereal crops increased only 1.7 per cent.

¶ For 1909 the per capita production of cereals was forty-nine bushels, or more than nine bushels less than it was ten years before; but

comparing the two years, the total value of the cereal crops jumped from $1,482,600,000 for 1899 to $2,665,500,000 for 1909, a gain of 80 per cent. **This reflects the basic cause of the higher cost of food supplies.**

¶ Let not the consumer think that, because the farmer has been so heavily taxed, the consumer has escaped—or that the farmer gets the benefit of the high prices.

¶ **All consumers pay the extra cost; for every excessive burden laid upon the producer is ultimately paid by the consumer.**

¶ The same pernicious money system has operated to the disadvantage of every legitimate business in the United States and has resulted in high prices to all the people, making their expenses run ahead of their income, creating discontent among the honest workers and real producers throughout the United States, all the result of the work of professional bankers, men who think of money as something to lend and not as the circulating fluid of the country's industrial life. This fundamental economic trouble is the prime cause of all of our industrial ills and they can never be eradicated until the power to create and regulate money is exclusively exercised by the Government truly representing all the people; and the money system taken out of the hands of men who are incapable, or unwilling, from self interest and avarice, to realize that **money to circulate and not money to loan is what the industrial well-being of the country needs.**

¶ The money lending institutions are now putting the screws on the borrowers in the cities as well; increasing the rate of interest on real estate loans as they fall due and exacting commissions

ranging from 1 to 5 per cent, and in many cases exacting all the borrower is able to pay—in order that his overdue mortgage may be taken care of by a new loan.

¶ A large majority of all the homes and rented houses in the United States are now mortgaged, making the expense of home owners abnormally high, but, far worse than this, the interest on the mortgage is putting up the rents on all the people in the United States who can least afford to pay such increase. Very nearly all the great office buildings and apartment houses, etc., in the cities are being built on mortgages as speculative enterprises, and the interest charges are figured in the rent the tenants have to pay; thus making another permanent item to add to the high cost of living.

¶ In the United States it has become at times a matter of **buying** the use of **money,** and the insiders, operating with the loan funds of the institutions, in order to get a large commission, give preference to inferior security in granting loans. Many of them are no longer satisfied with a legitimate rate of interest.

¶ Most of the business men, and independent corporations, can no longer be sure that their outstanding loans can be renewed, or, if renewed, what rate of interest they will have to pay or the commissions that may be exacted of them. In fact, if they were called on for settlement during a money stringency, fully 80 per cent of them would lose their equity in everything they have accumulated during their lives.

¶ Such is the uncertain condition of the mind of the business man, when he contemplates the future, that he can **not fail** to be discouraged by the

uncertain and precarious condition of his business and property, being absolutely at the mercy of the money market and money lender.

¶ In other words, these men are increasing the prices of everything consumed or used by the people of the United States in order to pay not less than 5 per cent interest and dividends on the debts manufactured under the operation of our present money system as evidenced by stocks and bonds aggregating $70,000,000,000 making a charge upon the people of $3,500,000,000 annually and this is not the sum total of the burden as it does not include the interest on billions of dollars loaned on real estate and other securities that enter into the high cost of living.

High Cost of Living or a Cheap Dollar.

1897—100c	1904—79c
1898— 96c	1905—77c
1899— 88c	1906—73c
1900— 81c	1907—69c
1901— 83c	1908—73c
1902— 79c	1909—70c
1903— 79c	1910—68c
	1911—70c

¶ The American dollar's shrinkage during the last fifteen years has been thirty cents. Authority, United Sates Bureau of Labor.

¶ In other words, the value, purchasing power of the American dollar, has fallen 30 per cent in the last fifteen years.

¶ This shows the cost of living has gone up nearly one-third.

¶ The Englishman's dollar, according to Sauerbeck, English authority, has decreased in value or purchasing power to 78 cents. This, the era of inflation of bank credits in the United States

and Europe, and multiplication of debts, the interest and dividends upon same being added to the cost of the thing sold to the consumer, adds to the high cost of living.

¶ We will first take inflation of the currency. The following truism from John Stuart Mill, ("Political Economy"):

> The value of money, other things being the same, varies inversely as its quantity: every increase of quantity lowering the value, and every diminution raising it in a ratio exactly equivalent.

¶ General Francis A. Walker, "Money, in its Relations to Trade and Industry," chapter 1:

> Money is to be known by its doing a certain work. Money is not gold, though gold may be money; sometimes gold is money and sometimes it is not. Money is no one thing, no group of many things having any material property in common. On the contrary, **anything may be money;** and anything, in a given time and place, is money, which then and there performs a certain function. **Always and everywhere, that which does the money work is the money thing.**

¶ If the reader will memorize the following correct definition of money and bear it constantly in mind he can clearly understand the whole subject of money as an economic question in contradistinction to the credit money of "Banks of Issue" and find exposed the greatest financial curse that has afflicted the people of the world.

¶ **Money is so much value embodied in a circu-**

lating medium, which constitutes so many universal orders, which the people agree to accept for anything they own, including debts and services. As such they have authorized its issue by their sovereign power, the Congress of the United States.

¶ Originally money was a due bill issued by one person to another, now it is a universal order, issued by all the people against themselves, and is redeemable in the entire wealth of the country and the services of all its people. Originally the value of these dollars was expressed by the physical thing being stipulated in the due bill itself. Since, by an act of sovereignty taking on the character of universal orders, money is a creation of law and thereby declared units of value, "American dollars" and their value depends upon the quantity of dollars out. A proper monetary system is, therefore, to be regulated by the number of dollars issued under the authority of the sovereign power.

Inflation of the Currency by Banks of Issue.

¶ All substitutes for money, such as bank credits, clearing house exchanges, traveller's checks, issued by The Bankers Trust Company, International Mercantile Marine Co., Express Companies, etc., are inflating the currency, by doing the work of money and have the effect of an enormous increase of the currency, making a cheap dollar and high prices; which means High Cost of Living.

¶ This imposition and tax upon the people is being felt three times a day in the household of every family. The protective tariff is incidentally a cause of higher prices, as enabling

the manufacturers to exact high tributes from the people, subsequently the trusts by combination have arbitrarily advanced on the things they produce and sell. But the present question of the high cost of living has now **outgrown** the tariff and finds its cause and support in the inflation of our present credit money system and becomes a great economic question in comparison with which tariff and trusts are subordinate and mere side issues.

¶ The voters of the country have witnessed the remarkable spectacle of three political parties meeting in conventions, nominating candidates for the presidency and using their combined wisdom in drafting platforms, yet each nominee for the Presidency of the United States practically admits his ignorance of the money question and the plank of each party's platform on the money question is absolutely indefinite, submits no plan and literally means nothing.

¶ More than this not one of them treats the subject of money as a great economic question now before the voters but deal in vague suggestions about reforming our present national banking system which can only be properly characterized as a monumental fraud which should be destroyed, not reformed, as it is an absolutely indefensible credit system whereby Corporations issue promises to pay as a substitute for money based upon the fraudulent premise of gold being a standard of value. This fallacy has been thoroughly exposed in Daniel on Real Money.

The fair and logical inference from the evasion of this vital question by those who would become the representatives of the people is that

they are still mental and moral cowards on this subject, the money question; all apprehensive of defeat if they antagonize the money interest and lenders of money. Those advocating the so-called Gold Standard won the campaign of 1896 and an act of Congress was passed in 1900 to permanently establish this so-called Gold Standard in the United States.

¶ It is shown in Daniel on "Real Money" that this was the consummation and culmination of the greatest fraud ever perpetrated on the people of the United States. Why is it that none of those posing as the great leaders in the three parties, all of whom acknowledge that the times are out of joint and that the people are being imposed upon and robbed in every direction by the high cost of living and that our currency system needs immediate legislation, are now unwilling to state whether they any longer believe in this so-called Gold Standard, which is made the basis of banking corporations misnamed National Banks of the United States issuing $711,099,938 of their promises to pay, credit money predicated on the false basis of gold.

¶ Every one of them know if they have given the subject of money any study that would entitle them to represent the people, that this $711,099,938 of credit money should be replaced by real money, legal tender money, lawful money of the United States issued by the government thereby cancelling $711,099,938 of government bonds and relieving the people of taxation to the extent of this $711,099,938 to pay these bonds and $21,000,000 interest annually upon same.

¶ I ask the practical commercial and hard headed voters of this country if this subject is not worthy of some definite expression of opinion by those who represent the three parties asking for their votes.

¶ It is clearly shown by Mr. Daniel in his statement before the United States Senate Committee on Interstate Commerce that our present money system, the so-called Gold Standard and its manipulation by inside rings of bankers and promoters is the **creator** and **supporter** of **every trust** in the United States and a fraudulent basis upon which banks are issuing credit money and controlling the currency system of the United States.

EFFECT.

¶ The effect of the inflation of bank credits as a substitute for money acts in the same manner as the inflation of the money system with credit money, such as national bank notes, etc. It has the effect of stimulating business.

¶ It can be readily seen that after the country has been developed into a high state of prosperity by this operation of banks multiplying loans against the borrowers by loaning them their credits, prices of everything advance under this operation of inflation and you have an era of high cost of living.

¶ Summary of the present situation. The official report of the Comptroller of the Currency for 1911 shows the amount of money in the currency system to be $3,214,000,000, while the investment of all banks in bonds, stocks and other securities total the tremendous sum of

$5,051,900,000 and in addition to this they have made loans and discounts amounting to the fabulous sum of $13,046,000,000.

¶ This gives the reader an idea of the enormous inflation and loaning of the credits of the banks, as a substitute for money, which is having the effect of inflating the currency and abnormally raising the general level of prices.

¶ In addition to this and in violation of the law which reads, "That every person, firm, association other than National Bank Associations, shall pay a tax of ten per centum on the amount of their notes used for circulation and paid out by them," the Clearing House Association of New York issued $101,000,000 of Clearing House certificates in 1907. And the Express Companies, Steam Ship Lines and the American Bankers Association under the name of the Bankers Trust Company of New York, are issuing millions of travellers checks as a substitute for money, and thereby inflating the currency.

¶ The present money system of the United States enabling the inflation of Bank credits to be loaned as a substitute for money and the emitting of credit money by Banks of Issue as substitutes for money and the improper control and manipulation of the currency of the country and the use of it by the men promoting the trust combinations have manufactured stocks and bonds amounting to over seventy billion dollars upon which the consumers are paying the interest and dividends, **all of which is being added to the price of the things they consume or use.**

BANK OF ENGLAND.

THERE is nothing in the money systems of the old world worthy of our imitation. It is only necessary to state that not one of them was established upon a correct basis or in the interest of the people. As the English money system of Banks of Issue was imposed upon this Republic, we have only to trace the present money system of the United States from its Parent, the Bank of England. The name of "Bank of England," adopted like that of the National Bank of the United States, was a deception and fraud upon the people in the very start. It is a private banking corporation trading under the prestige and fictitious credit given it by the use of the name of the Government; improperly given and used by the bank with great profit in carrying on the purely money making scheme to exploit the people.

¶ The charter of this corporation, known as the Bank of England, was granted July 27, 1694. The charter provided, that they shall "be capable in law, to purchase, enjoy, and retain to them and their successors, any moneys, lands, rents, tenements, and possessions whatsoever; and to purchase and acquire all sorts of goods and chattels whatsoever, wherein they are not restrained by act of Parliament, and to grant, demise, and dispose of same."

¶ "The corporation is prohibited from engaging in any sort of commercial undertaking other

than dealing in bills of exchange, and in gold and silver. It is authorized to advance **money** upon the security of goods or merchandise pledged to it, and to sell by public auction such goods as are not redeemed within a specified time."

¶ The Charter gave this private banking corporation **no authority** to **issue bank notes as money.**

¶ But it is the same old story, the greed, avarice and cupidity of man, working and operating through the instrumentality of a corporation, well described as an entity with "No back side to be kicked and no soul to be damned."

¶ The temptation to the managers of this bank was too great to resist when, in the course of business, the opportunity presented itself, whereby they could use their non-interest-bearing notes to discount the borrower's note and draw interest on same.

¶ A reliable historian thus describes its operation:

¶ "Upon such considerations, the bank decided to issue notes payable to bearer on demand, in exchange for individual paper payable at a future day. The bank thus undertook to do an impossibility, in the hope that it would not be called upon to redeem the promise or make the attempt. The bank had not the money and could not, therefore, purchase the paper offered; the notes offered by the bank were not money, though a much better substitute for money than the notes of individuals, which could only circulate to a very limited extent as a medium of payment. The bank issued notes payable to bearer, without endorsement, which added to their facility in passing rapidly from hand to hand as cur-

rency. It departed still further from **sound principles,** when it made these notes payable on demand in **gold** and **silver;** for it must be contrary to sound principles to undertake to do what cannot be done. The bank notes were nothing more than the **promissory notes** of the bank to circulate among those who chose to take them, **not as money,** but a **promise** to pay money. And the promise should have been only such as the bank could perform; but it could never have been imagined for one moment, that by this process between the bank and its customers they manufactured money."

¶ "This process was supplemented by the bank depositing the proceeds of notes discounted to the credit of the party, as so much money deposited. It mingled a process of cash and credit as absurd in theory as it was dangerous in practice." Thus the apparently small beginning of issuing their notes non-interest-bearing for those of their borrowers bearing interest, is the pernicious beginning of the great credit money system of Bank of Issue in England, and engrafted upon this Republic by the same influences under the misleading title of "National Banks of the United States." All of which has been paid for since by the people of England and the United States by panics, business depressions, causing untold loss and injury to the people of both countries.

¶ All this was inflicted upon the people upon the same old theory of credit money or bank notes payable on demand, without the money in hand to do it. Upon the presumption, of course, that the bank would not be asked to pay for many of them at any one time.

¶ This error of the Bank of England is the parent of the evils for which banks in more modern times are answerable.

¶ The Bank of England had made its demand notes payable in specie, and in 1897 the bank found it impossible to make specie redemptions, and the directors in alarm appealed to the Privy Council, and that body determined on the 27th of February, 1797, "that it is indispensably necessary for the public service, that the Directors of the Bank of England should suspend cash payments until Parliament can act for **its protection.**" Parliament sanctioned and continued this suspension from 1797 to 1820, or a period of 23 years. I would call the attention of those who oppose full legal tender money being issued, as the money of the United States, to the fact that the people of Great Britain carried on their business affairs for 23 years with non-legal tender paper currency, and during this term, notwithstanding the great expense of war, and consequent burdens of taxation, Great Britain increased in wealth and prosperity more than at any other time in her history.

¶ A reliable historian describes the conditions as follows: "During this period, notwithstanding the vast expenditures of war and the burdens of taxation, Great Britain increased in wealth and prosperity more rapidly than at any other period in her history.

¶ During this time 3,000,000 of acres of unimproved land was brought under cultivation, and the exportation of manufactured Cotton goods increased in amount from £7,000,000 in 1801 to £27,000,000 in 1822.

¶ All classes of society participated in the general prosperity which prevailed and during the entire period the nation never once suffered from commercial crash or money panic."

¶ Resumption of Specie Payments in 1823.

¶ At this date the money lenders forced specie Resumption on the people of England and the reader should retentively remember the contrast —The same historian states: "Specie payments were accordingly resumed in 1823, and the resumption was accompanied by the most disastrous commercial crash and money panic that ever visited any nation. The era of general prosperity departed to return no more. Real Estate depreciated largely in value and the real estate owners of the kingdom decreased in number from over 150,000 to less than 40,000; business men, merchants, manufacturers, etc., were ruined by the thousand; wages were reduced and laborers thrown out of employment by the tens of thousands; and the public revenue fell off to such an extent that payments on the public debts ceased and have never practically been resumed. Alison, in his history of Europe, says: "The effects of this extraordinary piece of legislation were soon apparent. The industry of the nation was speedily congealed, as a flowing stream is by the severity of an Arctic winter. The alarm became as universal and widespread as confidence and activity had recently been. The country bankers, who had advanced largely on the stocks of goods imported, refused to continue their support to their customers, and they were forced to bring their stocks into the market. Prices in consequence fell rapidly; that of cotton, in particular, sank in three months to half its

former level. The country bankers' association was contracted by no less than five millions sterling ($24,000,000); and the entire circulation of England fell from $235,545,000 in 1818 to $174,385,000 in 1820, and in the succeeding year it sank as low as $142,757,000. * * * The effects of this sudden and prodigious contraction of the currency were soon apparent, and they rendered the next three years a period of ceaseless distress and suffering in the British Islands. The accommodation granted by bankers diminished so much in consequence of the obligation laid upon them to pay in specie, which was not to be got, that the paper under discount at the Bank of England, which in 1810 had been $115,000,000 and in 1815 not less than $103,000,000, sank in 1820 to $23,360,000, and in 1821 to $13,610,000. The effect upon prices was not less immediate or appalling. They declined in general, within six months, to half their former amount, and remained at that low level for the next three years. Distress was universal in the latter months of 1819, and that distrust and discouragement were felt in all branches of industry which are at once the forerunner and cause of disaster." From Mr. Doubleday's history we also quote as follows: "We have already seen the fall in prices produced by the immense narrowing of the paper circulation. The distress, ruin and bankruptcy which now took place were universal, affecting the great interests both of land and trade; but especially among land owners, whose estates were burthened by mortgages, settlements, legacies, etc., the effects were most marked and out of the ordinary course. In hundreds of cases, from the tremendous reduc-

tion which now took place, the estates barely sold for as much as would pay off the mortgages; and hence the owners were stripped of all and made beggars." Before the close of the year 1819 the distress became insufferable. Great meetings were held throughout England and Scotland during the summer. In August 60,000 people, men, women and children, assembled near Manchester. A collision occurred between the people and the troops, in which a number were killed and many wounded. This created intense excitement, and the meetings of the people held in Liverpool, York, Leeds, and various other cities, were attended by vast multitudes of suffering people, demanding vengeance. Serious riots occurred, which were only quelled by military force. In 1820 a conspiracy was discovered, which had for its object the murder of all the King's Ministers, and which was only frustrated through the cowardice of one of the conspirators, who betrayed his associates. Military training went on amongst the people, and the government was obliged to provide a large military force to prevent an outbreak. "On Sunday morning, the 2nd of April," says Alison, "a treasonable proclamation was found placarded all over the streets of Glasgow, Paisley, Stirling, and the neighboring towns and villages, in the name of a provisional government, calling on the people to desist from labor; on all manufacturers to close their workshops; and on all the friends of their country to come forward and effect a revolution by force, with a view to the establishment of an entire equality of civil rights. Strange to say, this proclamation, unsigned and proceeding from an unknown authority, was widely obeyed. Work immediately ceased; the

manufactories were closed, from the desertion of workmen; the streets were filled with anxious crowds eagerly expecting news from the south; the sounds of industry were no longer heard, and two hundred thousand persons in the busiest districts of the country were thrown into a state of compulsory idleness by the mandates of an unseen and unknown power." Five thousand troops were immediately assembled at Glasgow, and the insurgents were overawed. Before the end of the year the government had increased its volunteer force to 35,000 men. "Without doubt," says Alison, "this powerful volunteer force, organized especially in the manufacturing districts at this period, and the decisive demonstration it afforded of moral and physical strength on the part of the government, was the chief cause through which Great Britain escaped an alarming convulsion."

¶ But the ruin, suffering and misery which had attended the attempt to force specie payments could not be undone, nor could the broken fortunes be restored. By a return to specie payments finally, the specie basis banking and credit system, **the whole tendency of which is to concentrate wealth in the hands of the few,** was reestablished; and the industrial classes, especially the agricultural class, have never since been able to recover from the blow then received.

¶ In 1822 the land owners of England numbered 165,000. According to the census of 1861, the number was about 30,000, and one-half of the whole kingdom is now owned by not more than twelve persons.

¶ In 1837 another crash and money panic occurred in England which also involved this country—When the bank of England took

gold from the United States to supply the wants of England, the banks of the United States were obliged to suspend—Business in the United States was brought to a complete stand and for three years the American people were left without any gold and were consequently obliged to use shinplasters."

¶ In England the losses were so enormous and the distress so great that it required another act of parliament to alleviate the suffering. The same historian continues—"From September 7th, 1844, when the bank was reorganized, to February 4th, 1858, it altered its rate of interest fifty-six times, raising it from time to time from two to ten per cent, in an effort to retain its specie in its vault. This, in the meantime, led to great financial embarrassment and a panic was only averted by the bank suspending specie payments (October 23, 1847) and affording relief by issuing irredeemable paper. In 1857 having ruined the merchants and business of England, it was again obliged to suspend. Eleven changes in the rate of interest were made between April, 1857, and January, 1858. The bank again drew upon the United States for gold, causing the banks to suspend, involving thousands of people in ruin and bankruptcies.

¶ In 1866 the Bank of England suffered another suspension in consequence of the war on the Continent of Europe; but this time the United States escaped. Greenbacks were the medium of exchange, and the nation was no longer at the mercy of foreign banks. Gold was shipped abroad to the amount of $45,000,000 and sold as a commodity at a high price for the use of the Bank of England without occasioning the

slightest ripple in the business affairs of the country."

¶In 1844 the poverty and distress so often brought upon the people by the bank of England made necessary an act of the government limiting the notes that the bank could issue to the amount of government securities and gold held for their redemption; the bank kept on with its money making scheme in another way. The discount of commercial paper, entered on its books, took the place of the inflated note issues, but these discounts called largely for gold, therefore when there was the least drain on the banks gold set in, discounts were shut off, interest was raised and quadrupled and property of all kinds was dumped on the market to pay the bank in money for the discounted paper. This put the bank in a position to increase its possessions out of the losses of the people. No intelligent man can fail to recognize in the above a perfect picture of the present National banking system of the United States. To complete the picture, I will quote from Mr. Seley, of London.

¶"The commerce of the country is now in the power of the Bank of England, as it was before in the legislature. For legislative enactment we have the decision of the Bank Parlor; for a responsible government we have substituted an irresponsible body composed of twenty-four directors, and a governor and deputy governor. To these we have confided the commerce of this mighty empire. Instead of a mercantile system supported by merchants and manufacturers and agricultural interests, we have now the monetary system endangering the welfare of merchants, manufacturers, and agricultural inter-

ests—for the benefit of the fund-holding classes."

¶ A Bank of Issue, in the final analysis, is a mere scheme devised by the avarice and cupidity of man to reap where he has not sown. The men organizing the Bank of England thought out the plan of issuing their non-interest-bearing notes for the time notes of their borrowers bearing interest in order to make something out of nothing.

¶ The whole plan being based upon the theory that but a small percentage either of their non-interest-bearing notes outstanding or the credits allowed the borrower on their books would require the banks to pay out at any one time a large amount in cash or real money.

¶ Realizing that such a profitable scheme would not long be tolerated by the people if it was made plain to them, that a corporation was making large sums of money out of them by loaning a substitute for money, or in other words, making money out of a creation of their own for which they had given no valuable consideration; yet knowing what a great money making scheme they had devised, their next thought was how they could perpetuate it.

¶ The issuing of their own non-interest-bearing notes in large quantities made them feel their personal risks and liabilities for what might happen, as they knew they were trying to accomplish an impossibility. Like all men doing that which is illegal, or morally wrong, they naturally thought of self preservation, and in order to accomplish this and still keep up the scheme, they offered to redeem their notes in specie, thereby making the responsibility impersonal.

Realizing they could never redeem them on a specie basis, they shifted the responsibility to the English Government by getting the government to sanction it; knowing that if the government had sanctioned their doing an impossible thing the government would have to come to their assistance. This being the case the bank frequently suspended specie payments, subjecting the people many times to tremendous losses. While the ruin was going on among the people, the Bankers were able to take advantage of the great fall in prices, and again increased their possessions of property and securities that were forced upon the market.

¶ When the government authorized the issue of non-legal tender paper money to supply the wants of trade, business at once improved.

¶ When prosperity was restored by the use of this non-legal tender paper money, the bank would use its unfailing influence to resume specie payments, which meant contraction of the currency, a fall in prices, business depression and panics, and again widespread ruin among the people, and another harvest for the Banks.

¶ This operation has been repeated upon the people of Europe until the great sub-strata of society there have been reduced to hopeless poverty.

¶ Kind reader and voter, just keep these basic facts in your mind. This is the fraudulent basis of "Specie Redemption" which has developed into the gold brick swindle of the so-called gold standard, which will be shown to be the greatest fraud ever perpetrated on mankind. Nothing describes it but this: **A Gigantic Confidence Game,** worked upon the people.

ESTABLISHING THE SO-CALLED BANK OF THE UNITED STATES.

IT is useless to consider Continental currency as at all relevant to a National Money System. Judge Story describes the situation after the Revolution as follows: "In the first place, there was an utter want of coercive authority to carry into effect its own constitutional measures. It may be called a Government which possessed no one solid attribute of power. In truth Congress possessed only the power of recommendation: it depended altogether upon the good-will of the States whether a measure should be carried into effect or not."

¶ It was therefore impossible to create a full legal tender dollar, as there was no power of sovereignty to bind all the people to its acceptance, hence it was impossible to establish a universal money system for the United States at that time.

¶ In order to understand what real money is, the people of the whole world should expel from their minds that there is any such thing as a money of the world, or international money.

¶ Money is a creation of an act of sovereignty and is real money, legal tender money, only within the jurisdiction of the country issuing it.

¶ Hamilton has been given great credit by superficial students on the subject of money, for the part that he performed in establishing a National

Banking System in the United States, but to any one familiar with the subject, it is well known that Hamilton originated nothing in this banking plan of his, **but bodily** adopted the **English Banking System** and **inflicted** it upon **our republican form of Government.** The whole mental process of the man was undemocratic, unrepublican and his National Banking Scheme was a part of his system for a strong centralized government and the rule of the few, the rich and well born. Hamilton's whole theory of government was absolutely wrong. Its foundation being that of money and aristocracy, two absolutely discordant elements in a Republic. In such a combination money dominates and the inevitable result is a plutocracy, the worst form of government. If Hamilton had been the student statesman of history that he claimed to be, he should have known the poverty, suffering and ruin this same credit money system had inflicted upon the great mass of the English people, and recognized at once that it was foreign and antagonistic to every principle of our republican form of government.

¶ In 1780 the American conflict had resolved itself chiefly into a rivalry in financial ability and resources between the Mother Country and the Colonies. This was the time that Hamilton began to set forth his financial scheme. As early as this he wrote an anonymous letter proposing the establishment of a bank to be called the Bank of the United States. Where did he get this idea?

¶ Now mark the basis of its establishment as outlined by Hamilton, and you have the answer. It provided "The basis of this institution was to

be a **foreign loan** of $200,000,000 as a portion of the bank stock; a subscription for $200,000,000 more guaranteed by $10,000,000 of specie or by a bona fide equivalent currency."

¶ "The bank notes were to be made payable to the bearer in three months at 10 per cent."

¶ In addition to this, an annual loan of $10,000,000 was to be furnished to Congress by the bank at 4 per cent. This plan starts out with the outrageous assumption that the United States was not to exercise its right of sovereignty and create its own money system, but at once become a borrower and debtor to England and establish a money system founded upon debt.

¶ In April, 1781, in a letter to Robert Morris, Superintendent of Finance, Hamilton boldly asserted the principle "that it is in a National Bank alone we can find the ingredients to constitute a wholesome, solid and beneficial paper credit." To show that Hamilton was interested in this kind of banks he wrote the Constitution of the Bank of New York. Half a million dollars was subscribed at a single meeting, and Hamilton was chosen one of its directors.

¶ Hamilton was also chairman of the committee on peace arrangements between the States and the Mother Country, and in this position reported regarding the department of foreign affairs. The report provided that the secretary of that department should occupy the position of chief of the Diplomatic Corps, and that it should be his duty to lay before Congress such plans for conducting the political and commercial intercourse of the United States with foreign powers as might appear to him to be best adapted to promote their interest.

¶ The subsequent acts of Hamilton show he was in sympathy with the financial group of England.

¶ In 1787, when the Union was formed and the Constitution adopted, all the States agreed to surrender, and did surrender, control over the issue of money in order that this sovereign power might be vested in the Congress of the United States representing the people of every State in the Union, in order that a uniform and stable money system might be established, and provided for same in the Constitution itself, wherein Congress was given the exclusive right and power to create and regulate the value of money.

¶ Thus, if Congress authorized the issue of full legal tender money, every dollar becomes a universal order for all things on sale, all service for hire, and the ultimate of payment for all debts within the jurisdiction of the United States. By this means every money unit or legal tender dollar would have squarely back of it the entire resources, national wealth and services of all the people as the basis of its continuous redemption.

¶ I will now show how the entire system was perverted and set aside by the pernicious influence of those who established the so-called "National Banks" of issue in the United States. It was simply imposing, under a different name, the European money system, **"a Bank of Issue."** A reliable historian described the political conditions in the United States at that time as follows: "At the time the Federal Constitution was framed there was a large and formidable party with aristocratic notions and tendencies under the leadership of Alexander Hamilton, who was in favor of 'a strong Government.' This policy

grew out of a want of faith in the people, and the belief that they were incapable of self-government."

¶ Hamilton expressed his conclusions of Governments as follows:

> I believe the British Government forms the best model the world ever produced, and such has been its progress in the minds of many that this truth gradually gains ground. All communities divide themselves into the few and the many. The first are rich and well born; the other, the mass of the people.

¶ He then states that the rich and well born should govern.

¶ The money power of the world has never been slow to single out such men for their service.

¶ England and her money lenders saw the opportunity for money lending and money making, in the matchless and boundless resources of this continent and determined to make a debtor country of the United States. To those who know the direct influence they did exert in establishing their money system here, it was not at all surprising that Hamilton was made the first Secretary of the Treasury—and at once strongly recommended the **English system of Banks of Issue.**

¶ On the 13th of December, 1790, Hamilton submitted to Congress his views in reference to the establishment of a National Bank, and from the moment of its incorporation, and the formation of the so-called Bank of the United States, the irrepressible conflict was on between the money power represented by Hamilton and the Tories, who advocated a strong centralized Gov-

ernment and a Bank of Issue, and the people, represented by Thomas Jefferson, who believed in a Government of the people, by the people and for the people, and that Congress should create money and regulate the value thereof in the interest of the people. This is the beginning from which the issues of today have sprung. Up to the present time, the organized money power has won over unorganized democracy, and its greed and oppression have forced the **money question again** upon the people for a correct solution.

¶ Through Hamilton's influence Congress chartered the first so-called Bank of the United States in February, 1791, with a capital of $10,000,000 for a period of twenty years.

¶ Thomas Jefferson as Secretary of State gave a strong written opinion denying the power of Congress to incorporate a **Bank of Issue.** Madison opposed it in Congress and made a powerful speech denouncing it as a violation of the Constitution.

¶ In 1811 this Bank applied to Congress for a renewal of its charter. Henry Clay and other leading statesmen defeated it, on the ground that it was unconstitutional, anti-American and strictly a British institution.

¶ The second so-called Bank of the United States began business the first of January, 1817. In 1818 the people had become alarmed at its encroachments upon their rights, as well as the evils it inflicted on the public. As a result, the legislative committee of the State of New York made the following report in 1818:

> Of all aristocracies, none more completely enslave a people than that of money; and in

> the opinion of your committee, no system was ever better devised so perfectly to enslave a community as that of the present mode of conducting banking establishments. Like the siren of the fable, they entice to destroy. They hold the purse-strings of society, and by monopolizing the whole of the circulating medium of the country, they form a precarious standard by which all the property in the country—homes, lands, debts and credits, personal and real estate of all description—are valued, thus rendering the whole community dependent upon them; proscribing every man who dares to expose their unlawful practices.

¶On October 9, 1839, the second so-called United States Bank closed its doors.

¶Benton, in his history, "Thirty Years in Congress," states:

> An hundred millions of dollars was the lowest at which the destruction was estimated; and how such ruin could be worked, and such confidence kept up for so long a time, is the instructive lesson for history; and that lesson the report of the stockholders' committee enables history to give. From this authentic report, it appears from the year 1830 to 1836—the period of its struggle for a re-charter—the loans and discounts of the bank were about doubled—its expenses trebled. Near thirty millions of these loans were not of a mercantile character—neither made to persons in trade or business. To whom were they made? To members of Congress, to editors of newspapers, to traveling politicians, to brokers and jobbers, to

favorites and connections; and all with a view to purchase a re-charter.

¶ It is shown at this time that the members of Congress were not only improperly interested in this bank but some of the ablest of them even then apprehended the great danger to the Government in chartering or allowing a banking corporation to issue a substitute for money—Daniel Webster had declared his hostility to bank currency repeatedly, as "one of the greatest of political evils," and "a contrivance for cheating the laboring classes of mankind."

¶ Henry Clay said in 1811:

> I conceive the establishment of this bank (National Bank) as dangerous to the safety and welfare of this republic.

¶ Still both were influenced to vote for the rechartering of this Bank. John Randolph, Senator from Virginia, as a warning, said:

> Charter a bank with thirty-five millions of capital; let it be established and learn its power, and then find, if you can, means to bell the cat. It will be beyond your power, it will overawe your Congress and laugh at your laws.

1861—WAR MEASURES TO RAISE MONEY

THE condition of the United States at the beginning of the war between the States 1861. The crops had been unusually good and the people of the United States were enjoying prosperous conditions. The state of the banks and the currency in 1861 was as follows:

Currency in circulation	$202,000,000
Deposited in Banks	257,200,000
Loans	696,700,000
Specie	87,600,000
National Wealth	16,159,616,000

War Measures to Raise Money.

¶ At this time, and during an extra session of Congress July 17th, 1861, a loan act was passed authorizing the Secretary of the Treasury to borrow $250,000,000 and to issue coupon bonds or registered bonds or Treasury Notes as he might deem advisable.

¶ The bonds were to bear interest not exceeding seven per cent per annum and they were to run for twenty years. The Treasury Notes were to bear interest at seven and three-tenths per cent and exchangeable at any time for twenty-year six per cent bonds.

¶ By an act of August the 5th, 1861, supplementary to the act of July 17th, 1861, the Secretary of the Treasury was authorized to issue

bonds bearing interest at six per cent per annum, payable after twenty years from date of issue, which might be exchanged for Treasury Notes bearing seven and three-tenths per cent interest. I desire to call special attention to these acts of Congress, for in them is contained conclusive evidence that the European and American monied interests were laying their plans to forestall the Congress of the United States from exercising its right of sovereignty to create full legal tender money in the interest of the people and establish an American Money System. The Treasury Notes, described in this Act of Congress, were handicapped, if not destroyed as a circulating medium, by being turned into a seven and three-tenths per cent investment for money, and in the subsequent Act of Congress made convertible into a six per cent United States Bond, which would eventually retire them as a circulating medium, making way for the issue of Bank Notes—The English Money System. The subsequent acts of the money power in depreciating the value of these Treasury Notes and the non-legal-tender-notes (greenbacks so called), and converting them into bonds is conclusive evidence of the fact.

¶ This form of Treasury Note, bearing interest and not a legal tender, is really only an evidence of indebtedness and differs only in form from a bond. No private person or corporation is obliged to accept it at its face value in payment for debt, services or property; it therefore lacks the essential qualities of money as a circulating medium.

¶ The fact that it bears interest and is payable for specific dues or taxes to the Government

does not help it in its use as money, but offers a premium to those who have obligations to pay to depreciate its value in order to purchase them at a low price.

¶ Just as was done by the bullionists when they discredited and depreciated the greenbacks—non-legal tender notes—as they had cornered the gold, it was to their interest to buy greenbacks, with gold, as cheap as they could, and then exchange them at their face value for United States six per cent bonds. This was the beginning of their plan to establish banks of issue to emit credit money based on debts under the title of "National Banks of the United States" which has developed into the present money trust. As additional evidence, I will submit the legislation in the interest of the people, which they subsequently defeated in Congress, to issue legal tender money.

Legal Tender Act.

¶ Introduced in the House of Representatives December 30, 1861. Duly considered by the "Committee on Ways and Means" and on January 7, 1862, reported from the Committee to the House.

¶ The Bill authorizing the Secretary of the Treasury to issue on the credit of the United States $100,000,000 Treasury Notes **full legal tender for all debts public and private.**

¶ This was an honest attempt to establish an American Money System, as provided in the Constitution, and issue full legal tender dollars as the currency of the people of the United States. This bill was no sooner made public than

an organized effort was made by the monied interest, represented by the Bankers of New York, Boston and Philadelphia, to kill it. They at once said that, if a full legal tender American dollar was authorized and issued by the sovereign power of the Congress of the United States, it would be the beginning of a **permanent money system in the interest of the people of the United States,** and not in the sole interest of bankers and bullionists. They saw, if this **Bill became a Law, it would deprive them of the power to shave either the government or the people.** These bankers organized themselves into a delegation, hurried to Washington, organized their forces in a formal manner and invited the "Finance Committee of the Senate" and the "Committee of Ways and Means of the House" to meet them in the office of the Secretary of the Treasury of the United States, January 11th, 1862. The meeting was held and they entered their vigorous protest against this bill and submitted their own plans as a substitute from which I quote the following sections.

¶1. "A tax bill to raise 125,000,000 dollars over and above duties on imports by taxation."

¶2. "Not to issue any demand Treasury notes, except those authorized at the extra session of July last."

¶3. "A suspension of the sub-treasury act, so as to allow the banks to become depositories of the Government of all loans, and to check on the banks from time to time as the Government may want money."

¶4. "Issue six per cent twenty-year bonds, to be negotiated by the Secretary of the Treasury,

and **without any limitation as to the price he may obtain for them in the market."**

¶ 5. "That the Secretary of the Treasury be empowered to make temporary loans to the extent of any portion of the funded stock authorized by Congress, with power to hypothecate such stock, and, if such loans are not paid **at maturity, to sell the stock hypothecated for the best market price that can be obtained."**

¶ The following statement in regard to this proposition was printed in the "New York Tribune" of January 13th, 1862.

¶ "The Sub-Committee of Ways and Means objected to any and every form of "shinning" by the Government through Wall or State streets and the knocking down of Government Stocks to 75 or 60 cents on the dollar, the inevitable results of throwing a new and large loan on the market **without limitation as to price,** and finished by firmly refusing to assent to any scheme that should **permit a speculation** by brokers, and **bankers and others,** in the **Government securities** and particularly any scheme which **should double the public debt of the country,** and double the expenses by **damaging the credit of the Government."**

¶ This bankers delegation remained in Washington several days and went into further consultation with Secretary Chase, which resulted in an agreement with him that Congress should be urged to pass the National Bank Bill and that the amount of the demand notes already issued by the Secretary of the Treasury should not be increased beyond the 50,000,000 dollars authorized by the Act of July, 1861, and also that Congress should be urged to extend the

provisions of the existing loan act so as to enable the Secretary of the Treasury to exchange **interest bearing Treasury Notes** for the demand notes, **not bearing interest** and get them out of the way.

Influences of Bank of England and the Rothschilds.

¶ An able writer on this legislation comments as follows:

¶ "Here begins one of the darkest chapters in American history. It will be found that every step taken by Congress from this on, in matters pertaining to the finances of the nation, has been dictated by the money power. Foreign capitalists, such as the Rothschilds, became deeply interested in the scheme of robbery inaugurated by the passage of this Act, and through their agents, such as August Belmont, Banker and whilom chairman of the Democratic National Committee, have aided the money power here materially in **controlling the policy of both** of the **great political parties.** The amount stolen from the people during the war by the financial policy then adopted, and which now encumbers the nation in the shape of a bonded debt, payable principal and interest in gold, is estimated by such writers upon the subject of finance as J. S. Gibbons (contributor to Johnson's Universal Cyclopedia) at **over one thousand million dollars,** to say nothing of the thousands of millions of which the people have been robbed indirectly, by means of the pernicious monetary system then foisted upon the country."

¶ It is a well-known fact that the Rothschilds were back of the drain on American gold and silver from 1851 to 1863—when nearly $480,000,000 went out of this country. And again from 1864 to 1876, when nearly $770,000,000 followed.

¶ The British Parliament declared all colonial acts for the issue of paper currency to be void.

¶ The British Board of Trade also strongly objected as early as 1764 to the use of legal tender money in the colonies, both realizing it would render the colonies independent of the power of Great Britain. The false basis of their objection being "every medium of exchange should have an intrinsic value, which paper has not." Such has always been the attitude of England on money.

¶ Thaddeus Stevens, Chairman of the Ways and Means Committee, in charge of the Legal Tender Bill, concluded his speech as follows:

¶ "We believe that the credit of the Country will be sustained by it, that under it all classes will be paid in money which they can use, and that it will confer no advantage on the capitalist over the poor laboring man. If this bill shall pass, I shall hail it as the most auspicious measure of this Congress; if it should fail, the result will be more deplorable than any disaster which could befall us."

¶ This Bill passed the House February 6, 1862, by a vote of 93 to 59. On February 14, 1862, the Bill passed the Senate with the following **amendments:**

¶ 1. That the legal tender notes should be receivable for all claims and demands against the United States of every kind whatever, "**except**

for interest on bonds and notes, which shall be paid in coin."

¶ 2. That the Secretary might dispose of United States bonds **"at the market value thereof, for coin or Treasury notes."**

¶ 3. An additional section, No. 5, "that duties on imported goods and proceeds of the sale of public lands," etc., should be set apart to pay **coin interest on the debt of the United States;** and one per cent, for a sinking fund, etc.

¶ On the 18th of February, 1862, Mr. Stevens reported the bill, as amended by the Senate, from the Committee of Ways and Means to the House, and said:

¶ "I hope the Gentlemen of the House will read the amendments. **They are very important, and, in my judgment, very pernicious,** but I hope the House will examine them."

¶ On Wednesday, the 19th, Mr. Spaulding opened the debate. I quote as follows:

¶ "Mr. Chairman, I desire especially to oppose the amendment of the Senate which requires the interest on bonds and notes to be paid **in coin** semi-annually, and which authorizes the Secretary of the Treasury to sell six per cent bonds at the market prices for coin to pay the interest."

¶ "The passage of the measure, The Legal Tender Bill, in this House was hailed with satisfaction by the great mass of the people all over the country. It received the hearty endorsement of such bodies as the Chambers of Commerce of New York, Cincinnati, St. Louis, Chicago, Buffalo, Milwaukee and other places. I have never known any measure to receive a more hearty approval from the people."

¶ "I regret to say that some of the amendments of the Senate render the bill incongruous, and tend to defeat its great object, namely to prevent all forcing of the Government to sell its bonds in the market to the highest bidder for coin. It might be very pleasant for the holders of the seven and three-tenths Treasury notes and six per cent bonds, to receive their interest in coin semi-annually, but very disastrous to the government to be compelled to sell its bonds, at ruinous rates of discount, every six months to pay them gold and silver, while it would pay only Treasury notes to the soldier, sailor and all other creditors of the Government.

¶ "I am opposed to all those amendments of the Senate which **discriminate** in **favor** of the **holders** of **bonds** and **notes by compelling the Government to go into the streets every six months to sell bonds at the 'market price', to purchase gold and silver in order to pay the interest 'in coin' to the capitalists who now hold United States stocks and Treasury notes heretofore issued, or that may hold bonds and notes hereafter to be issued;** while all persons in the United States (including the Army and Navy and all who supply them with food and clothing) are compelled to receive non-legal tender Treasury notes in payment of demands due them from the Government."

¶ "Why make this discrimination? Who asks to have one class of creditors placed on a better footing than another class? Do the people of New England, the Middle States, or the people of the West and Northwest, or anywhere else in the rural districts, ask to have such discrimination made in their favor? Does the soldier, the

farmer, the mechanic, or the merchant ask to have any such discrimination made in his favor? No, sir; no such unjust preference is asked for by this class of men. They ask for a legal tender note bill pure and simple. They ask for a national currency which shall be of equal value in all parts of the country. They want a currency that shall pass from hand to hand among all the people in every State, County, City, Town and Village in the United States.

¶ "Who then, are they that ask to have a preference given to them over other creditors of the Government? Sir, it is a very respectable class of gentlemen, but a **class of men** who are **very sharp in all money transactions.** They are **not generally** among the **producing classes;** not **among those who, by their labor and skill,** make the **wealth** of the **Country;** but a **class of men** that have accumulated wealth, men who are willing to lend money to the Government if you will make the security beyond all question, give them a high rate of interest, and make it payable in coin. Yes, sir; the men who are asking these extravagant terms, who want to be preferred creditors, are perfectly willing to lend money to the Government in her present embarrassment, if you will only make them perfectly secure, give them extra interest, and put your bonds on the market at the 'market price' to purchase gold and silver to pay them interest every six months. Yes, sir; entirely willing to loan money on these terms! Safe, no hazard, secure, and the interest payable 'in coin'! Who would not be willing to loan money on such terms? Sir, the **legal tender** Treasury note bill was intended to avoid all such financiering and protect the **Government, and**

people who pay the taxes, from all such hard bargains. It was **intended as a shield in the hands of the patriotic people of the Country against all forced sales of bonds, and all extravagant rates of interest.**"

¶ "The very discrimination proposed carries on its face notice to everybody, that although the notes are declared to be 'Lawful money and a partial legal tender in payment of debts,' yet there is something of higher value, that must be sought after at a sacrifice to the Government to pay a peculiar class of creditors to whom it owes money, a kind of absurdity and self-stultification which does not appear well on the face of the bill. It is an unjust discrimination **which does not appear well now,** and will not **look well in history.** You will, if the Senate's amendment is adopted, depreciate, by your own acts, your own bonds and notes, and effectually destroy the symmetry and harmonious workings of the whole plan."

¶ Mr. Stevens closed the debate. I quote from his speech as follows:

¶ "Mr. Speaker, I have a very few words to say, I approach the subject with more depression of spirits than I ever before approached any question. No personal motive or feeling influences me. I hope not, at least. I have a melancholy foreboding that we are about to consummate a cunningly devised scheme, which will carry great injury and great loss to all classes of the people throughout this Union, except one. With my colleague, I believe that no act of legislation of this Government was ever hailed with as much delight throughout the whole length and breadth of the Union, by every class of people, without

any exception, as the Legal Tender Bill we passed and sent to the Senate. Congratulations from all classes: merchants, traders, manufacturers, mechanics, and laborers poured in upon us from all quarters. The Board of Trade from Boston, New York, Philadelphia, Cincinnati, Louisville, St. Louis, Chicago and Milwaukee approved its provisions and urged its passage as it was.

¶ It is true there was a doleful sound came up from the caverns of bullion brokers, and from the **saloons of the associated banks. Their cashiers and agents were soon on the ground, and persuaded the Senate,** with but little deliberation, to mangle and destroy what it had cost the House months to digest, consider, and pass. They fell upon the bill in hot haste, and so disfigured and deformed it, that its very father would not know it. Instead of being a beneficent and invigorating measure, it is now positively mischievous. It has all the bad qualities which its enemies charged on the original bill, and none of its benefits. It now creates money, and by its **very terms declares** it a **depreciated currency.** It makes two classes of money—one for the banks and brokers, and another for the people. It discriminates between the rights of different classes of creditors, allowing the rich capitalists to demand gold, and compelling the ordinary lender of money on individual security to receive notes **which the Government had purposely discredited.**"

¶ In a speech at Philadelphia January 15, 1876, Judge Kelly says: "I remember the grand 'Old Commoner' (Thaddeus Stevens) with his hat in his hand and his cane under his arm when he re-

turned to the House after the final conference, and shedding bitter tears over the result. 'Yes', said he, 'we had to yield; the Senate was stubborn. We did not yield until we found **that the country must be lost or the banks be gratified,** and we have sought to save the country in spite of the cupidity of its wealthier citizens."

Full Legal Tender Act Defeated and Non-Legal Tender "Greenbacks" Authorized.

¶ He who reads the history of the fate of this Bill to create a full legal tender dollar and the amendments to this Bill, that substituted the non-legal tender "Greenback" for the full-legal-tender dollar; yet characterizes the full-legal tender money herein advocated, as a revival of the "greenback theory," or as a "recrudescence of greenbackism," is either a fool or a knave.

¶ Thus in 1862 was the legal tender bill defeated and the Government prevented from exercising its highest act of sovereignty to create money and regulate the value thereof—and the International bankers and money lenders prevented the United States from establishing an American money system in accord with its constitution and forced upon this republic the British money system, banks of issue and specie redemption.

¶ It should be borne in mind at this date that the Rothschilds and their correspondents in the United States had cornered all the gold in sight, leaving in the currency system in the United States only $25,000,000, of gold, most of which was in the control of the banking interest. They immediately began to make it abnormally valuable by creating extraordinary demands for it,

consequently they used every effort to depreciate the non-legal tender notes of the Government and bought them for gold which they controlled at less than fifty cents on the dollar, exchanging them at par for United States bonds bearing the highest rate of interest.

¶ Secreary of the Treasury McCulloch, in touch with the foreign bankers and their representatives in the United States, in his first annual report, December 4th, 1865, to Congress, made the following recommendations which were embodied in the act of Congress April 12th, 1866, authorizing the Secretary of the Treasury to sell 5-20 bonds, and with the proceeds to retire 6 per cent compound interest, notes and greenbacks, and other evidences of indebtedness of the Government. This act gave Secretary McCulloch unlimited control over the monetary system of the United States. The dealers in these war debts in Europe and the United States held hundreds of millions of these securities which they had bought at prices ranging from 35 cents on the dollar, up. While these securities were being issued during the war the money power depreciated their value, in order that they might be bought in at the lowest possible price. With this in view they made the interest on bonds and duties on imports payable in gold only, to discredit the Government currency. In order to confuse the people hopelessly on the subject of money they succeeded in having the Treasury Department issue fifteen different forms of its obligations. Therefore, it was impossible for the people at that time to understand all these intermixed and various forms of indebtedness and currency. Issuing the securities of the Gov-

ernment in these peculiar forms gave the banks a golden opportunity to prey upon the people.

Move of the Money Power to Make the Principal as well as the Interest on United States Bonds Payable in Gold.

¶ The money power having possession of all of the outstanding obligations of the Government, immediately began to use their unfailing influence upon Congress and the Treasury to increase their value by making them payable in gold. A living historian at the time describes it as follows:

¶ "The first move made by the bullionists and bondholders was to educate the public sentiment, through the press, in regard to the 'sacredness of the public faith.' The leading newspapers of the principal cities took up the song, and before a great while the gentlemen of the country press, who are not quick to learn which way the wind blows, were heard, together with the demagogues of both parties, joining in the chorus."

¶ "The Hon. Thaddeus Stevens expressly asked the Chairman of the Ways and Means Committee and was plainly answered by him, **that only the interest** was payable in coin. Mr. Stevens then continued, 'If I knew that any party in this country would go for paying in coin that which is payable in money, thus enhancing it one-half; if I knew there was such a platform and such determination on the part of any party, I would vote on the other side. I would vote for no such swindle upon the tax-payers of this country; I would vote for no such speculation in favor of

the large bondholders, the millionaires who took advantage of our folly in granting the coin payments of interest.' "

¶ Senator Morton declared that "we should do foul injustice to the Government and the people of the United States after having sold these bonds on an average for not more than sixty cents on the dollar, now to propose to make a new contract for the benefit of the bondholders." This historian goes on to state that "The presidential campaign of 1868 was impending and it became necessary for the money power to resort to extraordinary efforts to obtain the direction of political affairs. The Rothschilds were in possession of several hundred millions of 5-20 bonds, purchased at about sixty cents on the dollar, or less, and were particularly interested. Their agent, August Belmont, who had secured the position of Chairman of the Democratic National Committee, was instructed by Baron James Rothschild, as early as March 13, 1868, that unless the Democratic party went for paying the 5-20 bonds in gold, it must be defeated. Belmont and his satellites were unable to control the making of the platform. The platform read, "Resolved, 'Third: When the obligations of the Government do not expressly state upon their face, or the law under which they were issued does not provide, that they shall be paid in coin, they ought in right to be paid in the lawful money of the United States.' " This doomed the party to defeat. The money power was more successful with the Republican party at that time and through their aid Grant was triumphantly elected President.

¶ In his inaugural address he alluded to "the sacredness of the public faith," and "let it be understood that no repudiator of one farthing of our public debt will be trusted in place."

¶ In due time such a bill passed Congress and was the first act of Congress receiving Grant's official sanction.

¶ This Act of Congress was in direct violation of the contract under which these bonds had been issued, and it could have been repealed. Therefore, the Rothschilds and the money power lost no time in getting the Secretary of the Treasury to pay off these bonds in gold or its equivalent.

¶ An able financial writer familiar with this legislation and the influences controlling the then Secretary of the Treasury, discussed it as follows:

¶ "This signal act of robbery, for it is only one of the many acts of robbery which have been perpetrated by the money power during the past few years under the guise of law," will foot up about as follows:

Amount of 5—20 6% bonds.	$500,000,000.00
Interest in gold at 6% compounded semi-annually for ten years	403,096,132.71
	$903,096,132.71
Cost of $500,000,000 bonds at, say, sixty cents on the dollar	300,000,000.00
Net profit in ten years in gold	$603,096,132.71

¶ The next move of the money power was to have the public debt refunded, in order to place its payment in coin beyond all question. This was done by the Act of Congress, July 14, 1870.

¶ It is clearly shown that the money power had complete control of Congress during all this time and put laws through Congress to suit themselves, the people occupying the position of the forgotten man. Resumption, 1875, of Specie Payments. At which time Congress **was a packed Jury in the Interest of the Money Power.**

¶ In 1875 they put into operation the English scheme of robbing the people, "specie resumption," and passed a law decreeing resumption to take place January 1st, 1879.

¶ Hon. Moses W. Field, of Michigan, a member of this, the 43rd Congress, describes its make-up as follows: "Six lumbermen, thirteen manufacturers, seven doctors, fourteen merchants, thirteen farmers, three millers, one land surveyor, one priest, one professor of latin, one doctor of laws, one barber, one mechanic, ninety-nine lawyers, and one hundred and eighty-nine bankers, which included stockholders in national banks," a clean majority of them being bankers or interested in national banks.

¶ The amount of paper emissions of the Government, including debts, doing the work of money in 1865 and 1866 was about $1,800,000,000. The condition of the people in the United States at this time is described as follows:

¶ In 1865-66, after the termination of the war, industry, by reason of the abundance of money in circulation, was rife throughout the country, and production went on as it had never done be-

fore. The Secretary of the Treasury, McCulloch, himself has since admitted the people were individually out of debt."

¶ Under such conditions, what reason or justification could there be found for the resumption of specie payments, for the purpose of contracting the circulating medium of the country. It was plainly brought about by the International bankers, or money power, as their next move to permanently establish the **gold basis and banks of issue money system,** in order to exploit the people of the United States.

Destruction and Desolation Caused by the Resumption of Specie Payments.

¶ In the Congressional Report of 1876, page 2939, the Hon. Mr. Rea said, speaking to the same question:

¶ "I feel it to be my duty to say something in my feeble way in behalf of the thousands of men and women in the United States who are out of employment and begging for bread—seeking remunerative employment, but can find none. These are perilous times. Thousands of good business men have become bankrupt, and thousands more must soon follow.

¶ "The policy of the contraction of the currency and the increasing of the gold interest-bearing debt of the nation have resulted in great disaster to the business of the country. The people, I believe, are opposed to the policy—they are demanding the repeal of the specie resumption act by which it is proposed to resume specie payment in 1879. Congress should at once repeal

the resumption act. The people demand it. It is a fraud and a cheat. The people of this country do not favor the conversion of our legal tender currency into an interest-bearing debt. The contraction of the currency should at once be stopped."

¶ The conspirators in the scheme of contraction were not ignorant of the devastation which followed their cruel work. There were men in Congress who warned and entreated them.

¶ In December, 1866, we had $1,906,687,770 in circulation. Col. B. S. Heath, author of Finance Revolution, says:

¶ "During this year, there were but 520 business failures in the while country, involving a loss of but $17,625,000. Labor was well paid and fully employed.

¶ "1867. This year of contraction was vigorously pushed, and there were 2,386 failures, with a total loss of $86,218,000.

¶ "1868. During this year, $473,000,000 of money was destroyed, and failures increased to 2,608, with a loss to creditors of $63,774,000. Money began to be tight, and financial 'spasms' were frequent.

¶ "1869. During this year over $500,000,000 of money passed into the cremation furnace, producing 2,790 business failures, and a loss of $75,054,900. Money growing tighter and wages lower.

¶ "1870. This year $67,000,000 of money was destroyed, and 3,551 failures took place, involving a loss of $88,242,000. Money was scarce and wages of labor were reduced all over the country.

¶ "1871. Thirty-five millions of money this year is retired, with 2,915 failures and a loss of $85,250,000. More men out of work and wages cut down.

¶ "1872. Only about $12,000,000 was destroyed this year, but such has been the strain upon the business of the country for the past five years that this proved the last straw to 4,069 business firms, involving a loss of $121,058,000. More cutting of wages and strikes talked of.

¶ "1873. This year the storm reached its climax. Business had hoped that, with every returning season, prospects would brighten and money would become plenty. Instead of this, however, notwithstanding but $1,609,000 were destroyed, the people became panic-stricken, and 5,183 business firms were precipitated, with a loss of $228,499,000. Five hundred thousand men are thrown out of employment; wages cut down all over the country, and strikes are of frequent occurrence.

¶ "1874. Notwithstanding the terrible results of the last year, the wine press of contraction still creaks on its hinges of death, as round and round it sweeps out of circulation $75,484,000 certificates of indebtedness, which had been made legal tender money, $85,760,000 Treasury notes, $6,335,045 legal tenders, $3,000,000 fractional currency, and $1,000,000 bank notes, producing 5,835 failures, and a loss of $155,-239,000 to creditors. A million idle men began to tramp in search of work. Wages still decline, and strikes more numerous.

¶ "1875. The volume of currency, this year was contracted $40,817,418, and the failures reached 7,740, with loss to creditors of $201,-

060,000. Two millions of laborers out of work. Famine and hunger begin to stare them in the face, and 'tramping' becomes a profession.

¶ "1876. According to the most reliable estimates, the contraction of the currency this year, in the destruction of greenbacks and the withdrawal of bank currency amounted to about $85,000,000, with 9,062 failures, and $191,-000,000 loss, during the first quarter of the year. The aggregate failures for the year reached over 10,000, with losses not less than $300,000,000. This does not include losses to stockholders, by foreclosure and sale of railroads.

¶ "What a record for ten years. Who wonders times were hard, and men idle? Still, with all this array of wreck and ruin, with the finger-board of contraction, at the close of each year, pointing to the cause, the people were asleep, or on their knees praying for some interposition of Providence in their behalf, while John Sherman went marching on with the torch of death, to burn the remaining $300,000,000 of the people's money.

¶ "Three million men are out of employment.

¶ "Bankruptcies multiplying with great rapidity.

¶ "The tramp nuisance culminates.

¶ "Wages are cut down to starvation prices.

¶ "Strikes, riots and general consternation seize the people, and the circulation is cut down to $600,000,000.

¶ "In 1873 came the crash, and all the languages of the world cannot describe the agonies suffered by the American people from 1873 to 1879. Thousands and thousands supposed they had enough; enough for their declining years,

enough for wife and children, and suddenly found themselves paupers and vagrants. Business stood still. The men stopped digging ore; they stopped felling the forest. The fires died out in the furnaces. The men who had stood in the glare of the forge were in the gloom of despondency. There was no employment for them. The employer could not sell his product. The great factories were closed, the workmen were demoralized, and the roads of the United States were filled with tramps."

¶ Abraham Lincoln said:

¶ "If a government contracted a debt with a certain amount of money in circulation and then contracted the money volume before the debt was paid, it is the most heinous crime a government could commit against the people."

GOVERNMENT FORESTALLED IN EXERCISING ITS HIGHEST ACT OF SOVEREIGNTY BY BANKS BEING GIVEN THE POWER TO ISSUE A SUBSTITUTE FOR MONEY.

IN the autumn of 1862 a "Confidential circular" was issued by an agent of European Capitalists to American Bankers, known as "The Hazard Circular." It reads as follows:

¶ "Slavery is likely to be abolished by the war power, and chattel slavery destroyed. This, I and my European friends are in favor of, for slavery is but the owning of labor, and carries with it the care of the laborer; while **the European plan, led on by England,** IS CAPITAL'S CONTROL OF LABOR, BY CONTROLLING WAGES. THIS CAN BE DONE BY CONTROLLING THE MONEY. **The great debt that capitalists will see to it is made out of the war, must be used as a measure to control the volume of money. To accomplish this the bonds must be used as a banking basis.** We are now waiting to get the Secretary of the Treasury to make this recommendation to Congress."

National Bankers' Circular.

¶ "Dear Sir:—It is advisable to do all in your power to sustain such daily and weekly news-

papers, especially the agricultural and religious press, as will oppose the issuing of greenback paper money, and that you also withhold patronage or favors from all who will not oppose the Government-issue of money. Let the Government issue the coin, and the banks issue the paper money of the country; for then we can better protect each other. To repeal the law creating National Banks, or to restore to circulation the Government-issue of money, will be to provide the people with money, and will, therefore, seriously affect your individual profit as bankers and lenders. See your member of Congress at once, and engage him to support our interest that we may control legislation."

¶ This circular was signed by the official representative of the National Bankers' Association, James Buell.

¶ The original copy of the Circular was obtained personally by the Hon. Isaac Sharp, Acting Governor of Kansas (who had been, when very young, a favorite law student of Thaddeus Stevens, hence his interest in the question), from Mr. J. W. Simcock, the cashier of the First National Bank of Council Grove, Kansas. Mr. Sharp at the time was attorney for that bank—Mr. Simcock at the same time gave him the Circular of the American Bankers' Association signed by Buell. Mr. Sharp states that when in London he traced up Mr. Hazard and found him to be the Solicitor of an English Bankers' Association in touch with bankers throughout Europe and was financially connected with the Rothschilds.

State of Colorado, }
County of Arapahoe, } ss.

Frederick A. Luckenbach, being first duly sworn on oath, deposes and says: I am 62 years of age. I was born in Bucks County, Pennsylvania. I removed to the City of Philadelphia in the year 1846, and continued to reside there until 1866, when I removed to the City of New York. In Philadelphia I was in the furniture business; in New York I branched into machinery and inventions and am the patentee of Luckenbach's Pneumatic Pulverizer, which machines are now in use generally in the eastern part of the United States and in Europe. I now reside in Denver, having removed there from New York two years ago. I am well known in New York. I have been a member of the Produce Exchange and am well acquainted with many members of that body. I am well known by Erastus Wyman.

In the year 1865 I visited London, England, for the purpose of placing there Pennsylvania Oil properties in which I was interested. I took with me letters of introduction to many gentlemen in London—among them, one to Mr. Ernest Seyd from Robert M. Foust, ex-Treasurer of Philadelphia. I became well acquainted with Mr. Seyd and, with his brother, Richard Seyd, who I understand is yet living, I visited London thereafter every year and at each visit renewed my acquaintance with Mr. Seyd, and upon each occasion became his guest one or more times—joining his family at dinner or other meals.

In February, 1874, while on one of these visits and while his guest for dinner, I, among other things, alluded to rumors afloat of Parliamentary Corruption and expressed astonishment that such corruption should exist. In reply to this, he told me he could relate facts about the corruption of the American Congress that would place it far ahead of the English Parliament in that line, so far the conversation was at the dinner table between us. His brother Richard and others were there also, but this was table-talk between Mr. Ernest Seyd and myself. After the dinner ended, he invited me to another room where he resumed the conversation about legislative corruption. He said: "If you will pledge me your honor as a gentleman not to divulge what I am about to tell while I live, I will convince you, that what I said about the corruption of the American Congress is true." I gave him the promise and he then continued, "I went to America in the winter of 1872-73 authorized to secure, if I could, the passage of a bill demonetizing silver as it was to the interest of those I represented—the Governors of the Bank of England—to have it done. I took with me £100,000 Sterling, with instructions that if that was not sufficient to accomplish the object, to draw for another £100,000 or as much more as was necessary." He told me German Bankers were also interested in having it accomplished. He said he was the financial advisor of the Bank. He said, "I saw the Committees of the House and Senate and paid the money and stayed in America until I knew the measure was safe." I asked him if he

would give me the names of the Members to whom he paid the money—but this he declined to do. He said **"Your people will not now comprehend the far-reaching extent of that Measure—but they will in after years.** Whatever you may think of corruption in the English Parliament, I assure you I would not have dared to make such an attempt here as I did in your Country." I expressed my shame to him for my Countrymen in our Legislative Bodies. The conversation drifted into other subjects, and after that—though I met him many times—the matter was never referred to again.

(Signed) Frederick A. Luckenbach.

Subscribed and sworn to before me at Denver, this 9th day of May, 1892.

(Signed) James A. Miller,
Clerk, Supreme Court,
State of Colorado.

(Seal)

¶ The Bankers' Magazine, August, 1873, says:

In 1872, silver being demonetized in France, England and Holland, a Capital of $500,000 was raised and Ernest Seyd, of London, was sent to this Country with this fund, as the agent of foreign bondholders and capitalists, to effect the same object here, which was accomplished.

¶ The Congressional Record of April, 1872, page 2032, says:

Ernest Seyd, of London, a distinguished writer and bullionist, **who is now here,** has

given great attention to the subject of mint and coinage. After having **examined** the **first draft of the bill,** he made sensible suggestions which the Committee adopted and embodied in the bill.

It should be borne in mind that in 1866-67 the people of the United States were generally occupied in the great losses and demoralization as the result of the Civil War. Few people, at this time, knew anything about money apart from trying to get hold of dollars to meet their daily needs. There was one man in the United States who was then making a study of it as a means of amassing a private fortune and was co-operating with the leading foreign money-lenders and bullionists. John Sherman in 1868 was chairman of the Finance Committee of the United States Senate. At this time, when hundreds of millions of United States bonds were held in Europe, and when speculation in the debts growing out of our Civil War concentrated in London, Senator John Sherman, fortified with the great prestige of Chairman of the Finance Committee of the United States Senate, visited London in 1867 in his own interest. At this time no one in the United States was asking or advocating any movement that would affect the use of silver as money. After conferring with these dealers in bonds, in London, Sherman went over to Paris to attend the International Conference of 1867. Mr. Samuel B. Ruggles, a member of the New York Chamber of Commerce, in contact with the banking interest of New York, secured the appointment as delegate from the United States to that Conference.

Mr. Sherman at once got in contact with Mr. Ruggles in Paris and both of them became strong advocates of the so-called Gold Standard. On the 17th day of May, 1867, Mr. Ruggles addressed a letter to Mr. Sherman in which he stated that the International Conference was thn in session "to agree, if possible, on a common unit of money." The next day, May 18th, Mr. Sherman answered Mr. Ruggles. In this letter he stated that he favored the proposition, saying: "If this is done, France will surely abandon the impossible effort of making two standards of value. Gold coins will answer all the purposes of Europe." This letter was read in full to the Conference as the views and opinions of the Chairman of the Finance Committee of the United States Senate. Any one reading this letter in full will see that it was a carefully prepared product resulting from the conference held in London by John Sherman and those representing the European money power, with whom he had made his business connections on a gold basis. On the 6th of January, 1868, John Sherman introduced in the Senate—"A Bill in Relation to the Coinage of Gold and Silver," which was referred to his Committee on Finance, he called this bill up in the Senate on the 9th of June, 1868, and strongly urged its passage using, as his main argument, the reports of Samuel Ruggles of the proceedings of the Paris Conference. Fortunately, there was on the Senate Finance Committee an honest man of ability who knew something about the money question and exposed the scheme. Senator E. D. Morgan, of New York, submitted a minority report in which he opposed any international regulation of

money, as something that would fetter the United States and said, "that it would be well for the government to increase, rather than discontinue, the coinage of silver and that it should be poured in the current of commerce in full volume " Mr. Morgan then said: "The war gave us self-assertion of character and removed many impediments to progress. Its expensive lesson will be measurably lost if it fails to impress upon us the fact that we have a distinctive American policy to work out—one sufficiently free from the traditions of Europe to be suited to our peculiar situation and the genius of our enterprising countrymen." Senator Morgan's opposition killed this bill to demonetize silver. The reading of Mr. Morgan's report settled its fate and it would not have received a single vote in the Senate. Senator Morgan put such a prompt quietus on this bill that its villainous motive was not discovered by the leading men in Congress. Those back of it realized at once that they could not afford to have it discussed in the open—John Sherman used that stealth and diplomacy which characterized his whole life in the United States Senate, and succeeded in doing that, by stealth and chicanery which he and his backers knew was impossible of accomplishment by fair and honest methods. They knew it was a matter of the first importance that their personality and interest in he bill should be concealed from the public. In order to do this they had a long and technical bill framed by Boutwell through John Jay Knox in 1870 at a time when the subject was not before the people and little or no interest was taken in it as it was thought to be a scientific Mint bill

drawn up by specialists in the U. S. Mint and Treasury.

¶ This bill was entitled "An act revising and amending the laws relative to the Mints, assay offices and coinage of the United States," and was always represented to Congress as a measure for the sole convenience of the specialists in the Mint and Treasury. It should be borne in mind that at this time the United States needed all the money that it could posibly get through the operations of the Mint to carry on the tremendous task of developing the resources of the country and paying off its bonded indebtedness that had been forced upon the people by the money power back of this bill. Yet the above methods were resorted to by the money powers to prevent the United States from adding to the money supply, their object being to convert silver money into debts, thereby contracting the currency and at the same time making the hundreds of millions of United States bonds that they held, payable in gold. This was done without the knowledge of the voters or taxpayers of the country, who had to meet these obligations, and suffer the loss and fearful consequences of this treasonable act. The record will show that the leading men in the Congress of the United States were absolutely ignorant of this infamous conspiracy. I give the testimony of the representatives of the people in Congress, including the President of the United States at that time as to the passage of this bill.

¶ U. S. Grant stated: "I did not know that the act of 1873 demonetized silver. I was **deceived** in the matter."

¶ Senator Morgan, December 12th, 1877:

¶ "Did the people demonetize silver? Never! It cannot even be fairly said that Congress did it. It was done in a corner darkly. It was done at the instigation of the bondholders and other money kings, who now, with upturned eyes, deplore the wickedness we exhibit in asking the question, even, who did this great wrong against the toiling millions of our people?"

¶ Judge Kelly, in the House, May 10th, 1879:

¶ "Never having heard until a long time after its enactment into law of the substitution in the Senate of the section which dropped the Standard dollar, I profess to know nothing of its history; but I am prepared to say that in all the legislation of this country there is no mystery like the demonetization of the standard silver dollar of the United States."

¶ Senator Voorhees, January 15th, 1878:

¶ "No man has ever dared to whisper of a contemplated assault upon it (the Standard silver dollar) and when the twelfth day of February, 1873, approached, the day of doom to this American dollar, the dollar of our fathers, how silent was the work of the enemy! **Not a sound, not a word, no note of warning to the American people that their favorite coin was about to be destroyed; that the greatest financial revolution of modern times was in contemplation and about to be accomplished against their dearest rights!** Never since the foundation of the government has a law of such vital and tremendous import, or indeed of any importance at all, crawled into our statute books so furtively or noiselessly as this. Its enactment there was so completely unknown to the people, and indeed to four-fifths of Congress itself, **as the presence of a burglar in**

a house at midnight to its sleeping inmates. This was rendered possible partly because the clandestine movement was so utterly unexpected and partly from the nature of the bill in which it occurred. The silver dollar of American history was demonetized in an act entitled "An act revising and amending the laws relative to the mints, assay offices and coinage of the United States."

¶ Senator Howe February 5th, 1878:

¶ "The act of 1873, I charge it with guilt compared with which the robbery of $200,000,000 is venial."

¶ Senator Beck, January 10th, 1878:

¶ "It (the bill demonetizing silver) never was understood by either House of Congress. I say that with full knowledge of the facts—No newspaper reporter—and they are the most vigilant men I ever saw in obtaining information—discovered that it had been done."

¶ Senator Beck, "I know that the bondholders and the monopolists of this country are seeking to destroy all the industries of this people, in their greed to enhance the value of their gold. I know that the act of 1873 did more than all else to accomplish that result, and the demonetization act of the Revised Statutes was an illegal and unconstitutional consummation of the fraud."

¶ This law struck down the silver money of the government in 1873 which, by construction, became debts payable in gold. It should be remembered at this time that the money power back of the demonetization of silver had previously succeeded in stopping the govern-

ment from issuing its full legal tender money and had established National Banks of Issue in the United States—therefore the destruction of the legal tender silver money of the government left the National Banks completely in control of the currency based upon the fraudulent foundation of gold which these International bankers could manipulate and control.

NATIONAL BANKS.

SALMON P. CHASE became Secretary of the United States Treasury. He had had no previous experience to qualify him for the position and was in freindly relations with leading bankers in New York. He was a man of good standing in the legal profession. Under the influence of the banking interest, as soon as he became Secretary of the Treasury, he was enlisted in a scheme to destroy the Old State Banks and to establish so-called National Banks of Issue, those back of him having determined that the Government should be prevented from issuing its own legal tender money, thus establishing an American Money System in the interest of the people.

¶ I would call especial attention to the fact that John Sherman was in charge of the bill and made a favorable report upon same from the Finance Committee of the Senate on February 2, 1863. It was taken up in the Senate on February the ninth and passed on February twelfth by a vote of 22 to 21. It was then sent to the House on the thirteenth of February and never referred to the Committee on Ways and Means, which should have been its regular order; was taken up on the nineteenth and passed the House on the twentieth of this same month by a vote of 78 to 64. It was approved by the President and became a law February 25th, 1863.

¶ Thus this bill changed the whole currency system of this country and transferred the sovereign right of the Government "to **issue money**" to Banking Corporations organized for private gain. Thus we see the vicious principles of the two so-called United States Banks perpetuated in the hydra-headed so-called National Banks of the United States.

¶ At this time, when the attention of the people was entirely diverted from this subject, and oblivious of the real nature and character of the bill, being absorbed in all the excitement and exigencies of a civil war, John Sherman, as the agent and attorney of the money power, takes advantage of this opportunity to inflict upon the United States the pernicious English System of **banks of issue** and passed this bill through both Houses of Congress in the short space of ten days.

¶ The fifth section of the act incorporating National Banks provides as follows: "No Association is authorized to commence business until it shall have deposited United States Bonds to the amount of $30,000 with the Treasurer of the United States. Sixth: Every such association is entitled to receive from the Comptroller of the Currency circulating notes to the amount of ninety per cent of the Capital Stock, if it does not exceed $500,000; eighty per cent, if it exceeds $500,000 and does not exceed $1,000,000; seventy-five per cent if it exceeds $1,000,000 but does not exceed $3,000,000, and sixty per cent if it exceeds $3,000,000. It should be borne in mind that no national bank notes were issued until 1864 and that the $500,000,000— of 5—20 bonds were not sold until the latter part

of 1863; therefore matters were not yet in good shape for the bankers and bullionists. But in 1864 their plans were perfected to run up gold to the highest premium. Mr. Fessenden, who was then Secretary of the Treasury, pronounced the action very unpatriotic. United States Bonds bearing 6% interest were bought at this time as low as 35 cents on the dollar, in gold.

¶ Thus the **bankers** and **bullionists** by **depressing** the **value** of **United States Bonds** were **enabled to buy them at this low price to establish national banks in this Country.**

¶ In order to show that National Banks were not instituted as a war measure for relief of the people, an examination will disclose that, on July 1, 1865, after the close of the war, there were only $146,366,030 bank notes issued. Thus these banks of issue were foisted upon the United States at a time when they were neither desired nor needed. **The whole purpose of those back of the Scheme was to prevent the Government from exercising its constitutional function to issue money in order that the banks might usurp that power.**

¶ The question involved was one entirely as to the quantity of money to be issued. Will anyone contend that the United States at that time could not have sustained the value of and redeemed all the full legal tender dollars necessary to meet the expenses of the war when the railroads alone in the United States have made themselves responsible for the payment, dollar for dollar, of about 9 billion dollars of bonds and 8 billion dollars of stock. The former would have been secured upon the entire wealth or assets of the United States, and the latter simply on

the railroad properties and their earning powers.

¶ The development of the United States after the war is the conclusive answer.

¶ In 1865—total money in circulation in the United States was $770,129,755, and only reached as high as $774,445,610 in 1873—or a per capita circulation of $18.04.

¶ In 1865—National Wealth—**$22,067,472,-000.**

¶ Population—**34,748,000.**

¶ Will anyone contend that, with a national wealth of over 22 billion dollars, with a population of over thirty-four million in a country producing everything the human family requires, the United States was not justified in issuing an increase of full legal tender money to meet the needs of the Government, when it is shown that the National wealth increased to over $32,-000,000,000 by 1873 and its population to 41,-677,000?

¶ Instead of the United States issuing its full legal tender money redeemable in its entire National wealth, which was increasing faster than that of any other country, and the services of more than thirty-four million people working in the most productive country in the world, Congress authorized Banking Corporations to issue, indirectly, a spurious National Currency, yet based upon the National wealth, in the form of a United States Bond, payable by the people in gold, with interest—and thus allowed the money lenders to control the Money System of the United States.

¶ Previous to 1865 Lord Goschen, the leading English authority on money and foreign exchange, fully realized it, and stated:

¶ "What, it may be asked, will be the value of gold to them—the people of the United States—if they neither require it for internal circulation, which they may think can be managed as well by paper, nor for payment for foreign liabilities from which, under our hypotheses, they will be comparatively free."

¶ Zach Chandler, a high Republican authority, made this statement on April 29th, 1869; see Congressional Globe, page 1850.

¶ "I move to strike out, after United States, 'elsewhere.' I am opposed to contracting a foreign loan under any circumstances. We have gone through the war without borrowing one dollar from abroad. If our bonds have gone abroad it is because the money was sent here to buy them and take them, but I am opposed now to applying to the English stock exchange or any foreign stock exchange, hat in hand, begging that they will now, that we do not need it, loan to us a little money. We have shown our ability to carry this debt, and I am opposed to contracting a loan anywhere."

¶ Salmon P. Chase, Ex-Secretary of the United States Treasury, admitted:

¶ **"My agency in procuring the passage of the national banking act was the mistake of my life. It has built up a monopoly that affects every interest in the country. It should be repealed. But before this can be accomplished the people will be arrayed on one side and the banks on the other in a contest such as we have never seen in this country."**

¶ F. J. Scott, in the North American Review of September, 1885, set forth in graphic language the power of this banking institution against

which the masses are protesting. He said: **"The unity of the national banking interest threatens the corruption and control of the machinery of political parties. Its power is omnipresent. It is subtle and strong to maintain laws for its own private profit.** The Jesuits of two centuries ago had no more efficient organization for controlling with unseen hand the governments under which they lived.

¶ Behold our banking association changed in the twinkling of an eye from one having one hundred thousand dollars of its own money to invest, to one with that amount securely invested, and ninety thousand dollars more in hand to lend. Was ever ninety thousand dollars more deftly taken in? Were this pretty subsidy the only objection to the system, it migh be let alone; * * * but the principle upon which the system is founded is dangerous to the stability of business and steadiness of values.

¶ In Congress, where alone this power may be modified or destroyed, a large number of members of both Houses are officers and stockholders of the National Banks, and have not yet been known from any delicate appreciation of their public duties to refrain from voting on questions concerning the banks on account of having private interests therein."

ANALYSIS OF THE PROPOSED MORGAN-ROTHSCHILDS-ALDRICH MONEY TRUST BILL—MISNAMED THE "NATIONAL RESERVE ASSOCIATION OF THE UNITED STATES."

SEC. 1. The proposed Bill to incorporate the National Reserve Association of the United States asks the Congress, or the people of the United States, to grant them, as a private banking and money-lending corporation, a charter for the term of fifty years—First, to have an authorized capital of 20% of the banks now capitalized at $2,000,000,000, as all of them will be forced into membership of this association by the very dominating power asked to be conferred upon it by the sovereign power of the people of the United States,—making it "The National Reserve Association of the United States"—thus by starting with only one hundred million dollars of its capital paid in cash by the Associated banks, of anybody's money. The other one hundred million subscribed, and to be paid only when they themselves require it, puts this incorporated Company of bankers in position to start business as follows—

20% of the paid in capital of all banks eligible for membership about	$400,000,000
Cash Capital paid in	100,000,000

Cash deposited without interest by U. S. Treasury..........	356,000,000
	$856,000,000
Note issue grant by U. S. Government without charge........	900,000,000
Note issue additional—Charge of $1\frac{1}{2}$%	250,000,000
	$2,106,000,000

¶ To be loaned back to the people granting them this privilege; and inflated with hundreds of millions of bank credits.

¶ Sec. 23. Provides that all the receipts of the Government, amounting to hundreds of millions of dollars in cash, shall be deposited with this incorporation of banks without interest; on the other hand, all the disbursements made for the Government will sooner or later be paid by the checks of this banking corporation.

¶ This in addition to turning over to it without charges the general cash funds of the Government.

¶ By this operation the people lose the interest on this tremendous amount of money owned by them.

¶ But this absurdity goes further and allows this money monopoly to lend this money back to the people who own it for all they can extort from them.

¶ It is even worse than this. By turning the surplus money, in the United States Treasury, over to this Corporation, it offers a premium to them to increase the taxes of the people to increase the

surplus, or force the issue of bonds, to add to this surplus, to be used by them free of interest.

¶ Sec. 10. Provides for the organization of a close corporation to manage and control the money of the people of the United States through this so-called National Reserve Association, while a thin attempt is made to mislead the people by saying that the President of the United States, representing the people, will select its governor. Yet they effectually say that he can not make any selection, but will have to designate one out of the three names they themselves select, any one of whom would, of course, be satisfactory—otherwise they would not send his name in.

¶ The two deputy governors being selected by the board itself, and the board of directors appoint the other officers.

¶ This plan effectually shuts out any influence of the people over the Organization.

¶ Why call this incorporation of banking and money-lending associations of men, "The National Reserve Association of the United States"? Its very name is a lie on its face, and a deliberate attempt to use the great seal and sovereignty of this Republic to swindle the people and create a money trust to control the circulating medium, money, which puts the business of the people entirely at their mercy.

¶ No regard is shown to the sovereignty of the States or state lines. This money-lending corporation subdivides and farms out the different sections of the United States according to their own interest, and by withdrawing or withholding money or credit from any section can dry up its arteries of trade and transfer its business to

some other locality in which the moneyed men controlling the funds are more interested.

¶ With this control would rest the business fate of communities.

¶ The people of the different states would have no control over this private monopoly of the money of the United States, and by the power to discriminate and withhold money, and credit from a sovereign state, this money Trust could control its **business** and **political future.**

¶ Sec. 25. By the operation of this section this so-called National Reserve Association will get the use of all the reserves, and surplus of depositing banks, without paying them any interest upon same.

¶ Sec. 24. The power is here given to deal and speculate in the debts of the United States and all the states of the Union. These have always been the coveted securities of the money lenders of the Old World. The house of Rothschilds was established by committing a national fraud upon the English people, in order to secure their Government bonds at the lowest possible price, and in order to do so the founder of this house coined a deliberate lie; he hurried from the field of battle to London and stated that Lord Wellington had been defeated in the battle of Waterloo, thus destroying the value of the bonds before buying them. The money lenders encompassed England's financial bondage through credit money issued on debts, which is the primal cause of all her industrial troubles of today, and will eventually destroy the English Government.

¶ It's the inevitable result of a money system in

favor of banking associations and money lenders instead of the whole people.

¶ The fortunes of this one family of money lenders, the Rothschilds, is now estimated at $3,000,000,000, while on the other hand millions of the real working people of England are unable to get their daily bread.

¶ Thus the money lenders rivet their control over the policies of nations. Governments, States and individuals alike are enslaved by debts, for bonds mean bondage, and it is the world-old story of the debtor and creditor. The accumulation of debt will destroy a Nation as an individual.

¶ Sec. 24. Also contains the following:

¶ * * * "The purchase or sale of securities of **foreign governments** or gold **coin** or **bullion.**"

¶ This lends the endorsement of this Republic to this chain of incorporated banks to use the money of the people of the United States to buy the bonds and securities of the practically bankrupt countries of Europe, while thousands in the United States are denied the use of money in productive and legitimate enterprises.

¶ It is now a well-known fact that most of the foreign governments can only pay the interest on their National Debts and are absolutely unable to pay the principal.

¶ The National Debt of Great Britain alone amounts to $6,196,038,685.

¶ Now we come to this gold swindle * * * "purchase and sell gold or bullion." Read all the proceedings of the International Conferences on money and you will easily detect in this the unmistakable ear-marks of the Rothschilds' Bank of England and the International banking houses

of Belmont, Morgan & Company co-operating with them. This is confirmed in unmistakable terms in all the correspondence between them and the United States Treasury since 1865, in regard to bonds and gold payments, whereby they prevented the United States Government from issuing money in the interest of the people.

¶ Sec. 26. Provided that the National Reserve Association will only rediscount the paper of banks having a deposit with it. This means that any bank failing to keep its surplus funds deposited with it in time of prosperity will have to stand alone in times of adversity, and go into bankruptcy if a run is made on it.

¶ This power is sufficient to dominate or destroy every small bank throughout the country.

¶ Secs. 27 & 28. Give the banks depositing with the National Reserve Associations advantage over independent banks and would enable them to do a much larger business on the same amount of money, and by being able to rediscount their paper make larger loans and increase the opportunity of those controlling the money of the bank, and engaged in underwriting stocks and bonds of Industrial and other corporations, for their individual profits.

¶ Secs. 48 & 49. Provide for the retirement of National Bank Notes by the substitution of the notes of this so-called National Reserve Association or Money Trust with the further power to "issue further notes from time to time to meet the business requirements, it being the policy of the United States to retire as rapidly as possible, consistent with the public interests, bond secured circulation and to substitute therefor notes of the National Reserve Association of a

character and secured and redeemed in the manner provided for in this act. Stripped of its misleading verbiage, this simply means that the United States surrenders to this money lending and money manipulating monopoly its sovereign power to create, issue and regulate the value of money.

¶ **There is no such thing as money without the imprint upon it of the great law of legal tender, which can only be given it by an act of sovereignty.**

¶ Yet this highest act of sovereignty, which obligates the property and services of the 94,000,000 people in the United States for its money redemption, is to be transferred by the representatives of the people to this incorporated bankers' association, in order that they may issue credit money as a substitute, thereby establishing a Money System by which the bankers will prosper and rule instead of the people.

¶ Now I will show that, after granting this monopoly over money and thereby giving almost unlimited power to a corporation to exploit the people, the people themselves are bound to redeem this credit money **in gold even if they have to issue bonds and increase the public debt without end in order to do it.**

¶ Mark carefully this apparently careless reference in Sec. 52 of this bill "The circulating notes of the National Reserve Association * * * shall be redeemed in **lawful money** on presentation at the head office of said association or any of its branches. It shall be the duty of the National Reserve Association to maintain at all times the **parity** of **value** of its **circulating** notes with the **standard established** by the **first section** of the

act of **March** 14, 1900, entitled, "An act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States."

¶ This is the act of Congress, March 14, 1900, which established the **so-called gold standard,** and by the construction of the United States Treasury the **redemption** of all other kinds of money issued in **gold coin.**

¶ Therefore, according to this **construction,** the only way these **promises to pay** or **credit money** issued by this Corporation can be kept at a parity is by redeeming them in gold coin.

¶ Thus when their notes are presented for redemption, this so-called National Reserve Association will either have accumulated in its control all the gold and gold certificates to redeem them or use the endless chain operation now available to raid the United States Treasury of its gold even to the extent of forcing bond issues upon the Government to replenish the gold reserve in order that they may withdraw it to redeem their notes.

¶ As a matter of fact, this association could and would in a short time hold almost all forms of money issued by the United States and force their promises to pay or credit money as a substitute upon the people.

¶ It is thus shown that the government, while refusing to use its **sovereign power directly to create and regulate** the value of money in the interest of the whole people, would delegate this highest act of sovereignty to a money monopoly, to be used indirectly to issue credit **money** as a substitute in the interest of bankers, promoters and manufacturers of debts upon the people, and

make the people liable for the redemption of their promises to pay **in gold.** Under the operation of this scheme, war is no longer necessary to force the issue of United States bonds and perpetuate the public debt, in order that the power of money may control the business and political future of the United States.

¶ The establishment of this money corporation would not only make it the master of the market, but, by this scheme of gold redemption, put this money monopoly in position to throw the whole country into a panic at any time, and reap a harvest from the wreckage thus created.

¶ Sec. 53. Provides that the notes of this association, "promises to pay," shall be received by the United States at par for all taxes, etc. Yet this credit concern, after using its notes to buy the $712,170,320 of United States Bonds (See Sec. 49) declines to accept its **own notes** for their payment or redemption and requires these bonds, when **owned by them,** to be paid for **specifically in gold coin of the United States.** Sec. 55. Goes on to provide that upon application of the National Reserve Association the Secretary of the Treasury shall exchange these bonds bearing 2% interest for bonds bearing 3% interest and to run for 50 years, **principal and interest** payable in **gold coin** of the **United States.**

¶ This means the Corporation is allowed to buy at par the 2% bonds of the United States, with its notes that cost them nothing to issue, and these bonds are immediately replaced by the Secretary of the Treasury with 3% bonds of the United States to run for 50 years. Thus the people, through their representatives in Congress, would be placed in the absurd attitude of giving this

corporation $712,170,320 of United States Bonds earning 3% and convertible into cash at anytime for the non-interest-bearing promises to pay of this money-lending Corporation. Mark carefully the following: "The National Reserve Association shall issue, on the terms herein provided, its own notes as the outstanding notes secured by such bonds so held shall be presented for redemption and **may issue further notes from** time to time **to meet business requirements,** it being the policy of the United States to retire as rapidly as possible, consistently with the public interest, bond-secured circulation and to substitute therefor notes of the National Reserve Association secured and redeemed in the manner provided for in this act.

¶ This Bill gives to this corporation the absolute power, entirely independent of the Government, to inflate or contract the currency, the circulating medium of exchange upon which the business of the people of this country absolutely depends.

¶ The future of this Republic is thus virtually placed in their hands—

¶ Sec. 50. Provides only that the "Credit Money" promises to pay issued by this corporation are to be covered by the $711,170,320 of bonds of the United States upon which they earn 3% interest, paid by taxing the people, to whom they loan the $711,170,320 for the highest rate of interest they can exact, ranging from 6% to 10% on commercial paper, and large commissions when used in financing or underwriting industrial schemes and building up Trust Combinations to exploit the people.

¶ All additional note issues or credit money put out by this Corporation can be covered by one-third of the amount in gold and by notes or bills of exchange arising out of commercial transactions for two-thirds.

¶ It would only be necessary for this corporation to hold in its banks the promises to pay already issued by the Government, also the real money or legal tender dollars deposited with them by the people, and put out its "credit money" notes in place of those in the channels of trade and commerce. This would put it in a position to take the silver certificates and other promises to pay issued by the Government and exchange them for gold. In this way it could easily collect practically all the gold in the monetary system of the United States.

¶ It could then use the stocks and bonds of Industrial Corporations or any miscellaneous assets held by it adding one-third in gold and issue its notes as money for the full amount of same.

¶ As there is so much gold in the United States, $1,797,621,051 (See Director of the Mint, page 43, 1911), this corporation could easily acquire 90% of the whole, which would enable it to issue $4,853,576,838 free of charge and add to this indefinitely by buying or borrowing gold as this bill authorizes, including foreign coin and bullion **in itself** not worth more than 50 cents on the dollar.

¶ Here we have the climax of the gold confidence-game. This Money Trust holding practically all the gold in the United States and the outstanding obligations among the people, specifically payable in gold, amounting to over twenty billion dollars are in complete control.

¶ Imagine for one moment the effect upon the value of gold, as measured in the fall of prices of other things when a general demand is made for gold payments of these obligations.

¶ No man can measure the ruin that would follow, and no man can measure the harvest to be gathered by the holders of the gold.

MORGAN - ROTHSCHILDS - ALDRICH MONEY TRUST BILL—NOW PENDING IN CONGRESS, AND ENDORSED BY "THE NATIONAL MONETARY COMMISSION"—THE MISUSE OF THE WORD "PARITY"—THEIR LAST HOPE OF FOOLING THE PEOPLE.

IN the careful investigation I have made, for thirty years, of the money question, I find that the people have been imposed upon by those constructing and developing the money system by assuming false premises and clothing them in technical words and sophistry, and then having them endorsed by men in high official positions, and with the prestige of so-called financial authorities. There is no more conspicuous example of this than is found in the injection of the metal gold into our **money unit** or **dollar,** trying to make the people believe that gold, the metal, is the unit of value, instead of the dollar. The 25 and 8-10 grains of gold is not the money unit of the United States, nor is it in any sense **the standard of value of the purchasing power of our money unit the dollar.** This false assumption is based upon the exploded theory that there is intrinsic value in gold, and denies the universally recognized fact that the value of the dollar, like everything else, is regulated by the law of demand and supply. Therefore, it is the **number of dollars or money units** in the monetary system that **fixes the value or purchasing power of each unit** and constitutes the **standard of value.** It is the demand for dol-

lars which gives them their value, establishes their equality, or, as the parrots in finance designate it, "parity of our dollars." To create any inequality or difference in the value or purchasing power of these dollars, you would have to change the number of cents in the money unit or dollar itself which is an absurdity on its face. The law simply says if gold is to be coined into a money unit, or dollar, it shall be first weighed by the lawful standard weight kept at the mint, in other words, it shall not be less than 25 and 8-10 grains of gold to each dollar.

¶ It is therefore plain to any one of common sense that the grains of gold in this dollar is not the money unit or dollar itself or in any sense a standard of value for other things.

¶ In order to fully appreciate the meaning and potent significance of Section 52 in this Bill, it is necessary to trace the development of this so-called gold standard as finally consummated in the Act of March 14, 1900.

¶ The United States mint was established by the act of Congress April 2nd, 1792, and it provides in Sec. 9 "That there shall be from time to time struck and coined at the said mint, coins of gold, silver and copper, of the following denominations, values and descriptions, viz., Eagle —each to be of the **value of ten dollars or units,** and to contain 247 and 4-8 grains of pure standard gold.

¶ **Dollars** or **units** each to be of the value of a Spanish mill dollar as the same as now current. And to contain 371 grains and 4-16 parts of a grain of pure silver. Half dollars, each to be of half the **value** of the **dollar** or **unit.**"

¶ Sec. 16. "And be it further enacted, That all the **gold** and **silver coins** which shall have been

struck at, and issued from, the said mint, shall be a **lawful tender in all payment whatsoever.**"

¶ Sec. 20. "And be it further enacted, That the money of account of the United States shall be expressed in **dollars** or **units,** dimes or tenths, cents or hundredths, and mills or thousandths. A dime being the tenth part of a dollar. A cent the hundredth part of a dollar. A mill the thousandth part of a dollar. And that all accounts in the public offices and all proceedings in the courts of the United States shall be kept and had in conformity to this regulation."

¶ This act establishes **one dollar as the legal unit of value** and says that when gold or silver is coined into money each dollar or unit shall contain so many grains of gold or silver according to the standard used at the mint for weighing same.

¶ In the very beginning of this subject should be clearly borne in mind the vital difference between the dollar or money unit, and the metal, gold or silver.

¶ The dollar or money unit is the creation of the sovereign power of the people and binds them and their property to protect its value and to redeem it at par.

¶ In other words, it is a legal tender for all things on sale, all services for hire, and all debts, public and private. This means that 94,000,000 people in the United States stand ready to receive it and redeem it at one hundred cents on the dollar. In **fact, its money value,** which is **its purchasing** and **debt paying power,** would be the **same if it did not have one grain of gold in it.**

¶ To say that the equality, validity or purchasing power of the full legal tender dollar of the

United States **redeemable all alike** in $134,000,000,000 dollars of the National wealth, including all the gold and silver that we now have in the United States or will ever have, and the service of 94,000,000 of the most enterprising and productive people in the world, depends for its equality or parity upon the gold, in the dollar, is an absurdity only surpassed by the miserable subterfuge that $150,000,000 held as a reserve in the United States Treasury maintains the parity or equality of all our dollars. So long as it is a **money unit or dollar** the **value, purchasing power, must necessarily be the same.** It is equivalent to saying, if these $150,000,000 set aside in the Treasury were to go into circulation and take the place of bank notes there would be a different purchasing power in our money units or dollars.

¶ (Up to this time the United States Mint was a temporary institution and its life periodically extended, until this act of 1873, the damnable beginning of the establishment of the so-called gold standard when it was made a part of this scheme, a Bureau of the United States Treasury.)

¶ This act of Congress was passed February 12, 1873, and dropped the standard silver dollar from coinage, which under the act of April 2, 1792, establishing the mint and coinage was designated "Dollars or Units, each to be of the value of the Spanish Milled (Silver Dollar) as the same is now current, and to contain three hundred and seventy-one grains and four sixteenths parts of a grain of pure, or four hundred and sixteen grains of standard Silver." The silver dollar was dropped from coinage in the

15th section of the act of February 12, 1873 — demonetizing silver — and the gold dollar substituted in section 14, "that the gold dollar piece, which, at the standard weight of 25 8-10 grains, shall be the unit of value. An Eagle, to be of the value of **ten dollars** or units.

¶ Sec. 52 of the Bill of the proposed National Reserve Association recites "It shall be the duty of the National Reserve Association to maintain at all times a parity of value of its circulating notes with the standard established by the first section of the act of March 14, 1900. This first section of said act reads, "That the dollar consisting of twenty-five and eight-tenths grains of gold nine-tenths fine, as established by Section 3511 of the Revised Statutes of the United States, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity. "To state it plainly, one dollar must buy as much as another **dollar.** Mark the reference," as established by Section 3511 of the Revised Statutes of the United States." This is the act of February 12, 1873, demonetizing Silver, and substituting gold. Section 3511 reads, "That the gold coin of the United States shall be a one dollar piece, which, at the standard weight of 25 8-10 grains, shall be the unit of value." Is the 25 8-10 grains of gold or the dollar the unit of value?

¶ A simple answer uncovers and exposes their sophistry and deceit.

¶ The unit of value had already been clearly defined in the act of April 12, 1792, which established the unit and coinage law of gold and silver. Section 20, "And be it further enacted that the **money** of account of the **United States** shall be expressed in **dollars** or **Units,** dimes or tenths, cents or hundredths, part of a dollar, a mill the thousandth part of a dollar, and that all accounts in the public offices and all proceedings in the courts of the United States shall be kept and had in conformity to this regulation."

¶ In order to annihilate this parity fraud, which has exploited the people of this country out of untold millions, and is now being used by the promoters of the money trust to fasten upon the United States the most infamous money system ever conceived to ruin this republic, and to expose this damnable heresy, it is only necessary to ask, "What constitutes the standard?" Is it the 25 8-10 grains of gold that constitutes the dollar, or money unit, or the **act of sovereignty, which creates the money, and says one dollar is the unit of value?** If our mints were closed to the coining of gold you could weigh out 25 8-10 grains of gold and six months later it would not be worth 50 cents; yet the purchasing power or value of the dollar, or money unit, would be unchanged. But, when the sovereign power of the United States says, this is one dollar, the money unit of the United States and pledges one hundred and thirty-four billions of dollars of National wealth and the resources of 94,000,000 people for its redemption **at par or 100 cents** in the dollar, you have the best and soundest money unit in the world without one grain of gold in it.

¶ These money schemers would make this country continue to believe that the 25 8-10 grains of gold was the money unit and standard of value in order to make permanent their banks of issue with gold redemption and thereby control the money system of the United States.

¶ To make it more explicit and so plain that no man can refute it:

¶ The lawful money of the United States is created by the sovereign power of its people, each dollar, or unit, is complete in itself, each has the same value, the same purchasing and debt paying power,—their equality or parity is necessarily the same, as each has its redemption in all the property and service of the people without discrimination.

¶ The parity or equality is cemented together by an unlimited and universal demand for **dollars** because they do the work of dollars.

¶ How can there be any difference between the lawful dollars of the United States, all doing the same work, and having the same purchasing and debt paying power?

¶ The demand for the dollar of the United States is the greatest ever known in the world, bringing a premium over gold in Europe.

¶ Ninety-four million people in this country place an incessant and unending demand upon them for their services and support. Over sixty billion of debts demand them for payment. The perpetual call for interest demands them without end. Twenty-five billions of internal commerce demand their services. Europe demands hundreds of millions of our dollars to settle her balance of trade with the United States.

¶ I would ask these jugglers of words, "Is not this demand sufficient to preserve the **parity** or equality of our dollars?"

¶ For men of average intelligence, claiming to be the representatives of the people, to deal in such unmeaning nonsense and transparent sophistry upon this vital question, hoping that their high official positions will induce the honest credulity of the people to accept it, is nothing short of criminal. There is no such thing as intrinsic value of gold, and the value of gold, like everything else, depends upon its quantity and the demand for it, which, under economic laws and conditions, should be a legitimate demand. There is today nothing which is so supported in its artificial and unjustifiable value as gold.

¶ There is a legitimate demand in the arts for only one-third of the supply of gold. This leaves an annual surplus of two-thirds, the value of which, when demonetized, would shrink 50 per cent of its present value. In addition to this, there is an accumulated stock of over seven billion dollars of gold held stored away in the vaults and banking institutions of the world, a dead and useless economic waste and burden upon the people. It is about time for the people of the United States to have a lucid interval and close the mints of this country, forever destroying the metallic basis of redemption for credit money—the economic curse of this republic.

¶ Section 52 is the most consummate fraud in the Bill. It is an attempt, on the part of this incorporated money trust, to perpetuate in its own interest the attempt to establish the so-called gold standard in the act of February 12, 1873, to which this act of March 14, 1900, referred.

¶ The authors of this National Reserve Association fail to quote either the Acts of February 12, 1873, or March 14, 1900, although essentially necessary to a clear understanding of this Section 52, but adroitly content themselves with giving an absolutely misleading title to the Act of March 14, 1900.

¶ I desire the reader to carefully study every word in this section. It first provides that the notes, or promises to pay, issued by this incorporated Banking Association, shall be a first lien upon its miscellaneous assets—now mark you "and shall be **redeemed in lawful money on presentation."** It shall be the duty of the National Reserve Association to maintain at all **times a parity of value of its circulating notes** with the **standard established by the first section** of the Act of March 14, 1900, entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States." The real purpose here is to permanently establish banks of issue and gold redemption, subject to the endless chain process to raid the Treasury with promises to pay, and force the issue of bonds upon the people to sustain them.

¶ The sections of the Act of February 12, 1873, and March 14, 1900, repeal the law of April 2, 1792, Establishing the Money System of the United States, viz., "That the money of the United States shall be expressed in **dollars** or **units."** Therefore the sections of the Acts referred to really mean that one dollar shall be the unit of value, nothing more and nothing less (and all the rest is simply an attempt by those back of John Sherman and Nelson W. Aldrich

to continue the so-called Gold Standard by the improper use of the word parity). Now that the intrinsic value of gold will no longer serve them, they have engrafted in this bill this subterfuge. I quote, "maintaining the parity of value of its circulating notes with the standard established by the first section of the Act of March 14, 1900," which can only be done under their theory of redeeming them in gold. The absurdity of this is found in the fact that this Act did not establish a money standard of any kind. There is only one standard of value in a money system and it is constituted by the **number of dollars in the system.** The value of a dollar is made by the demand for dollars, demand operating against the supply.

¶ Hence, if the dollars are few, and the demand great, the **standard of their value is high** and their purchasing power great, and if the dollars are many, and the demand small, the **standard of their value is low,** and their purchasing power small.

¶ The value of a dollar or money unit is made by the demand of all men for dollars, demand operating against supply.

¶ The equality or parity of all dollars is welded together by the universal demand for dollars, as universal orders for all things on sale, and the redeemers of debts. What occasion, in common sense, is there for a man preferring one lawful dollar of the United States to another when both have the same purchasing and debt paying power?

¶ To understand thoroughly a fraud, it is well to trace it to its origin. This parity fraud, as applied to our dollars, is found in the Act of Congress

July 14, 1890. This Act provides: Section 1, "That the Secretary of the Treasury is hereby directed to purchase, from time to time, silver bullion and to issue in payment for such purchases Treasury notes of the United States."

¶ Section 2. That the Treasury notes issued in accordance with the provisions of this Act **shall** be redeemable on demand **in coin** at the Treasury of the United States or at the office of any assistant treasurer of the United States and, when so redeemed, may be reissued.

¶ That, upon the demand of the holder of any of the Treasury notes herein provided for, the Secretary of the Treasury **shall,** under such regulations as he may prescribe, redeem such notes in **gold or silver** coin, at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law."

¶ There is only one way known to maintain the parity or equality of dollars. That is for the Government to retain the option of paying out either gold or silver to suit its own convenience.

¶ France has always maintained the parity or equality of her money unit, the 5-franc piece, by reserving to the Bank of France the option of paying out either gold or silver francs.

¶ M. Pallian, the president of the Bank of France, made the following answers on this point in 1910: Q. "In order to discourage the exportation of gold does the Bank of France sometimes exercise the right it possesses to refuse payment in gold and offer to pay its notes in silver?"

¶ Ans. "The Bank of France cannot, of course, renounce its rights to redeem its notes in gold or

silver, since gold pieces and silver coin of 5 franc are **equally legal tender in France.**

¶ "In no case, however, whatever may have been said, have we ever **charged any premium on French gold in redemption of notes."** Thus the parity or equity of the money in France is protected, it having the same purchasing and debt paying power as a legal tender. And the question of the parity or equality of her money is never considered."

¶ It has been well said, "This **mode** of maintaining such parity is the only **mode** and is as fixed as the first problem in Euclid and has been longer in vogue."

¶ There never has been an exception to it in the history of the world. To maintain the parity or equality of dollars in a monetary system, it is only necessary for the government to preserve the right or option, of the debtor to pay in either or give both the full right and power of a legal tender. The government representing the people should issue nothing but full legal tender money.

¶ All other dollars are a hybrid creation in a money system, and should be eradicated.

¶ You will notice the words used in the Act of 1900 in this connection, "It being the established policy of the United States to maintain the **parity** of the **metals** on a **parity** with **each other** upon the present **legal ratio"** (16 to 1).

¶ There is no mention of the parity of the Treasury notes or dollars beyond the fact that these Treasury notes **shall** be **redeemed** in **coin** at the Treasury of the United States. Gold or Silver, as to maintaining the parity of value of the metals, gold and silver, upon the "present legal

ratio," was a fraud, and intentional deception. As the act itself killed the parity of value of the **metals** by leaving the mints open to the **unlimited coinage of gold,** which created an unlimited demand for it at a fixed price as money, while the act restricted the coinage of silver at the mints, by limiting the quantity of silver to be used as money, which created only a limited demand for it, which absolutely destroyed the parity of its value with gold, as the surplus of silver on the market fixed its metal value. Hence, the fraudulent use of the word parity, in reference to the two metals in this Act of 1890, is easily exposed. We will now trace this parity fraud into the Act of March 14, 1900, which says, resurrecting the old Act which demonetized silver February 12, 1873, and substituted the gold dollar designated in Section 3511 R. S. U. S. which says, "And all **forms** of **money issued** or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity."

¶ Why insert here the words, "All **forms** of money **issued** or coined by the United States?" thus making the word **parity** apply to paper when it was intended heretofore to apply to the value of the metal or material out of which the dollar was made. How can it properly apply to the parity of value of paper and gold? Yet they carry this obsolete word **parity,** as applied to metals, to the Act of 1890 and apply it to **the money unit itself, the dollar,** instead of the material. In this Act of 1890, in order to destroy the parity or equality of value of the Treasury notes

issued, they **limited** their legal tender power, stating, "And such Treasury notes shall be a legal tender in payment of all debts, public or private, **except when otherwise** expressly stipulated in the contract." As most of the bonds issued in the United States on Railroads and Corporations amounting to billions of dollars are specifically payable in gold, its full legal tender value is destroyed, and there is no equality or parity left in it. Then follows the paradoxical absurdity "That, upon the demand of the holder of any Treasury Notes herein provided for, the secretary of the Treasury shall redeem such notes in gold and silver coin, at his discretion, it being the established policy of the United States to maintain the **two metals** on a **parity** with **each other** upon the present legal ratio as may be provided by law." At this time, 1890, the parity of the metals has been absolutely destroyed by demonetization of silver—and its price steadily declined from 75 cents on the dollar in 1887 to 42 cents in 1908—See Report Director of the Mint, pg. 119, 1909. This difference being so great, the word parity of value of the metals gold and silver became absurd, and had to be abandoned. Hence the fraud, devised in the Bill reported by Aldrich, entitled the National Reserve Association of the United States, in which they keep alive the word **parity,** applying it to the paper credit money issued by this association of Incorporated Banks. In order to continue the fraud of gold redemption and banks of issue, they have the following inserted in Section 52. "It shall be the duty of the National Reserve Association to maintain at all times a **parity of value** of **its circulating notes** with the standards established

by the first section of the Act of March 14, 1900."

¶ By injecting this word **parity,** this Bankers' Trust asks the Congress of the United States, representing the people, to allow them to have a monopoly and issue their promises to pay by the hundreds of millions, for **the people to pay interest on and redeem them in gold.** The people would prefer the Government's issuing its perfect money units, lawful, full legal tender dollars, redeemable in $139,000,000,000 of National Wealth and the services of 94,000,000 people.

¶ Since the words "Intrinsic value of gold" and the "Ratio of gold and silver" can no longer be used to divert and mislead the people; the advocates of "Banks of Issue" have made their last play to protect **the false basis of gold redemption** by the misuse of the word "Parity." I therefore hope the reader will see the vital importance of exposing this attempted fraud upon the people.

¶ It should be first impressed upon the mind that a dollar is not a debt, but a redeemer of debt, or that one dollar should not be redeemed in another dollar. This idea is an invention of the money lender—a reversal of all sound ideas of finance that ever existed. It is based upon the absurdity that a dollar is a debt.

¶ "A dollar has never been a debt. It is not made for redemption, but is made to be a redeemer." It has been well said, "If the paper dollar is treated as a debt, then also the gold dollar must be treated as a debt, else the one dollar is not at a parity of function with the other dollars, then one has a quality that the other does

not possess, and the two dollars are not treated on equal terms.

¶ Then there is no sound and stable money unless every unit is legally equivalent to every other unit.

¶ A perfect money unit or dollar can be created only by an act of sovereignty impressing upon it the great law of a legal tender.

¶ Gold bullion, when denied the right of coinage and legal tender, will be mere useless property, unless used in the arts. I ask the people of the United States how much longer will they allow themselves to be fooled and impoverished by this money power making them believe that dollars are debts, redeemable and convertible into each other.

¶ When the money power is herein spoken of, it means the European monied interests as led by the Bank of England, the Rothschilds and their American agents, August Belmont & Co., J. P. Morgan & Co., et al., and their Hebrew Associates in the United States, the Clearing House Association of New York, established in 1853, and the American Bankers' Association, an organization of practically every bank of any size in the United States.

¶ This is the money power that controls the circulating medium and money system of this country, and the business future of the American people.

¶ This money power dominates the United States Treasury, influences the appointment of its most important officials, and those who are efficient rarely fail to receive more lucrative appointments in Banking Corporations.

¶ Senator John T. Morgan, of Alabama, after many years of honorable service in the United States Senate, made the following statement:

¶ "Never in the history of any government has such treatment of laws been found as in the despotism of the Secretaries of the Treasury, in conjunction with the National Banks to trample out every law that stood in the way of their peculiar and pet theories, and their peculiar monopolistic advantage. This is a bold declaration; I will make it good against all comers. I challenge investigation of that statement upon the law and practice of the Government. They pay no regard to the statutes. Construction will do anything with the rights of any man who will submit to it. The worst tyrannies that have ever been in this world were the results of false construction, eating, like a cancer, from point to point and step by step, sapping nerve after nerve of vitality, until it finally attacks the citadel and destroys the victim. Let us have the truth, the honest truth. If constructions are to be made, let them be made in favor of the people and not against them; in favor of right and life and liberty, and not in the direction of tyranny."

¶ The New York Evening Journal of Oct. 1, 1912, states:

¶ "The Treasury of the United States is run, not for the farmers and the other workers that fill the Treasury with gold, but for the banks and the other blood-suckers that know how to get what they want; that hire a Secretary of the Treasury at an enormous salary at the end of his term and let each succeeding Secretary know that he can be rich and comfortable for life if he will give the people's money to the banks to be used in bleeding the people."

ANGLO-AMERICAN MONEY TRUST.

IT has been plainly shown that our money system was derived from the Bank of England scheme of drawing interest from borrowers by issuing to them Bank credits, and by this operation charging them interest on a substitute for money. This process has enriched the Banking interest and the favored few in England, and impoverished the working and producing classes of all Europe.

¶ Alexander Hamilton, in sympathy with the English government, expressed himself as follows: "I believe the British government forms the best model the world ever produced." He also said: "The rich and well-born should govern."

¶ Also in sympathy and associated with the capitalistic class of England, he co-operated with England in her preconceived determination to prevent the United States from establishing an independent American money system. To do this the money power of England used its potential influence in every conceivable way to prevent the people, through their government, from exercising their highest act of sovereignty to create and issue full legal tender money, and thereby achieve their financial independence. In 1766 Lord Mansfield stated in the House of Lords: "Acts of Parliament have been made not only without a doubt of their legality but with universal applause the great object of which has

been ultimately to fix the trade of the colonies so as to center in the bosom of that country from whence they took their origin.

¶ In 1763 the British Parliament declared all Colonial acts for the issue of paper currency to be void.

¶ Alexander Hamilton believed in the English system of a strong centralized government and a Bank of Issue. He was made the first Secretary of the United States Treasury.

¶ Recognizing the interest that England had in our money system, and the influence of her money lenders at this time, we can fully realize the tremendous meaning and significance of their maxim.

¶ "Let us control the money of a country and we care not who makes its laws."

¶ Thus the English system of Indirect Taxation, Debt-Funding Schemes, Gold Basis Banks of Issue, the corner-stones upon which rest the aristocracies of the old world, were transferred to the United States.

¶ All these are methods through which royalty legalized the robbery of the toiling millions, and it makes no difference whether a king and a parliament of wealth, or a President of the United States and Congress, selected by the bankers and financiers, preside, the condition of the masses will be the same.

¶ The first so-called United States Bank established by Hamilton was simply the old Bank of England scheme to exploit the people. The same system was carried forward to the second so-called Bank of the United States. They were simply banking corporations trading under the name of this great republic. Then, under the

fostering care of John Sherman, of the Finance committee of the Senate, it was resurrected in his hydra-headed so-called National Banks of Issue of the United States. It is proven from the records of Congress and the testimony of unimpeachable witnesses that the moral turpitude and perfidy of John Sherman in passing laws to establish the present European money system in the United States have no equal in the financial history of the world.

¶The machinery of both Houses of Congress was put in working order and a sufficient number of their members fixed to rush through in ten days this banker's and money-lender's bill. While the people were engaged in a great civil war this financial curse was inflicted upon the United States. It transferred the control of the money system of the United States to banking corporations authorizing them to use the function of sovereignty and issue their promises to pay, or credit currency, as a substitute for real money.

¶As soon as this act became a law the money power proceeded to build up a monopoly to control the money system of this country. The all-powerful influence back of this act of Congress forced the government to issue interest-bearing securities, as a circulating medium, later to be exchanged for interest-bearing United States Bonds. This destroyed the circulating medium of exchange, upon which all business and the development of the country depended, at the very time it was most needed.

¶This consummate scheme worked automatically as intended. These government securities bearing interest were thereby destroyed as a permanent circulating medium, being themselves

an investment for money and not being a legal tender for debts. When the United States interest-bearing bonds were later offered in exchange for these interest-bearing securities, used as currency, the banks began to take them out of circulation, thereby contracting the currency, depressing the price of the bonds and buying them in at the lowest possible price. It should be borne in mind that, under this act, the banks could deposit these bonds in the United States Treasury, draw interest upon them, and issue ninety per cent. of their par value in their bank notes as money. It was not only a most profitable swindle of the government and people of the United States but, at the same time, accomplished their fixed and far-reaching purpose of issuing their notes as currency and controlling the money system of the United States in their own interest.

¶ The next attack is made on the non-legal tender, "greenbacks," and silver, in order to destroy this currency issued by the government and make way for their bank notes, and still further, build up their money monopoly.

¶ The loss, misery, and poverty inflicted on the people of the United States by Specie Redemption, Gold Payments, and the demonetization of silver, in order to accomplish this monopoly over the money system of this country, have been described.

¶ Can any sane man fail to see the motive, purpose and plan deliberately worked out by this money power to control the money system of the United States? If so, I would call his attention to the circular sent out by the American Bankers' Association that brought on the Panic

of 1893, and the influence, brought to bear to stop the government from issuing any more U. S. Treasury notes, then the act of Congress, establishing the so-called Gold Standard in 1900, which they, no doubt, thought perpetuated banks of issue as the permanent money system of the United States. The only obstacle they now wish to remove is the limitation put upon their bank-note circulation by restricting the issue of their notes to Government Bonds. They realize if the government pays these bonds it cuts from under them the very foundation of their existence. In recent years they have forced additional bond issues as a means of preservation. This being the case, and realizing that the people would not stand for bond issues of any size in time of peace, they therefore brought forward their carefully laid plan of substituting their miscellaneous securities as a basis for issuing bank notes in place of Government Bonds. After the American Bankers' Association held meetings, covering the period of several years, considering the matter, they presented their conclusions and what they wanted in a currency plan, described as an Asset Currency Bill. This would enable them to draw interest from the people on the asets of the bank while held as security by the United States Treasury that would authorize them to issue their bank notes as money to be loaned to the people. Being unable to get favorable action from Congress on this bill in 1906, they waited until 1907, when another bill of the same kind was presented by Senator Aldrich after many conferences with J. P. Morgan & Co., et al. This was also an Asset Currency Bill and, among

other things, provided that railroad bonds should be accepted as the basis of national bank note issues. J. P. Morgan, the great manufacturer of debts on the railroads of this country, was present in the gallery of the United States Senate when Nelson W. Aldrich, Chairman of the Finance Committee, advocated the passage of this Bill.

¶ This Bill was violently opposed by the leader of the Republican Progressives in the Senate, and Aldrich, seeing it would be defeated, resorted to an infamous legislative trick worthy of John Sherman. With the co-operation of Vreeland, of the House, this measure was put through both Houses of Congress in the last two days of the session. The Aldrich-Vreeland Emergency Currency Law, which creates National Banks of Issue in blocks of ten, and gives them authority to issue their notes on the assets of the banks from bonds down to one name paper, according to the ruling of the Secretary of the Treasury. This law should be watched by the people, for a simple amendment, extending its time and relieving the notes issued thereunder from the emergency tax, would practically take the place of the Money Trust Bill now pending in Congress.

¶ The law reads "That this act shall expire by limitation on the thirtieth day of June, 1914."

¶ This act puts the banks in a position to get $500,000,000 from the United States Treasury in an emergency, and does not provide that the borrower can get one dollar. It is shown that the banks can create the emergency whenever they want it.

¶ The banks are put in a panic-proof condition and the people left defenseless.

¶ The money power framed this law and appointed "The National Monetary Commission" that have favorably reported to Congress a Bill which should be correctly described as "The Anglo-American Money Trust Combination."

¶ It is masquerading under the misleading title of the "Reserve Association of the United States," and is now pending in Congress. What do we find as a result of the operation of this Bank of England money scheme transplanted in the United States?

¶ It forced upon the tax-payers of this country, absolutely without justification, over $2,000,000,000 of bonds, principally for the benefit of European bond dealers and American Bankers.

¶ This has cost the people of the United States, in hard-earned cash, over $3,500,000,000, including interest. It has been the direct cause of four disastrous panics, each inflicting upon the people the loss of untold millions. It has enabled International and American Bankers and Bond and Stock Jobbers to manufacture $70,000,000,000 of paper tokens of wealth upon the industrial and manufacturing resources of the United States, that they propose to make the people take care of by paying the interest and dividends.

¶ It has impoverished and made debtors of about 90 per cent of the people. It has filled the large cities with non-producers, gamblers and parasites. It has lowered our moral standard and destroyed the reputation and character of American Manhood.

LOANING OF BANK CREDITS AND USE OF CLEARING HOUSE CERTIFICATES AS A SUBSTITUTE FOR MONEY.

THE result of all this legislation in the interest of banks has reduced the supply of **real money to such a small stock,** and most of it out of circulation and held and controlled by the banking institutions that we could not do business a single day if the banks did not add to the money stock by every ingenuity, trick and device whereby the banker is enabled to keep every actual dollar drawing interest in several places at the same time. By this process the banks, to all practical purposes, are counterfeiting money, by lending what is called the banks' credit as a substitute for money. The counterfeiter gives no valuable consideration for the money he circulates. The banker gives no valuable consideration for this credit he furnishes the borrower; yet the borrower has to pay dollars for that which cost the banker nothing. By the use of these credit devices and the working of the "Clearing House System among Banks" the transactions that involve the handling of cash are relatively small.

¶ A practical illustration will make plain the operation. The owner of stocks, bonds or any kind of security borrows $5,000 from a bank and leaves his security with the bank. The bank draws interest on the $5,000 without the

borrower ever seeing any kind of a dollar. He simply receives authority to draw upon the bank's credit to the extent of $5,000, which he may do in checks in payment for property or more stocks and bonds.

¶ The bank generally pays these checks by making a few figures in its books—deducting from the credit of the borrower and adding to the credit of those who present the checks.

¶ Yet the bonds or security left by the borrower have become an asset of the bank, and the bank proceeds to lend another borrower $5,000 upon the basis of the first borrower's bonds or security.

¶ By this operation a small amount of actual cash may be pyramided into a great many loans drawing interest upon the same small amount of cash.

¶ The same applies to National Bank Notes.

¶ A million dollars of them invested in Government bonds used as a basis of bank circulation draw interest from the Government and from other borrowers at the same time.

¶ Thus for interest-drawing purposes the million dollars is not one million dollars, but may be ten or fifteen million.

¶ It may occur to the mind of the reader that a borrower does not always leave the amount placed to his credit with the bank, but would withdraw it and put it in another bank to his credit. This is rarely done, as the rules of most banks is to discount only for their depositors or to open an account with the borrower. Yet if the cash was withdrawn and put in another bank it would make but little difference in the averaging up between the banks by the invention of

the Banker's Friend, the "Clearing House Association," that most wonderful invention of the banking mind, to economize cash—**inflate bank credits, as a substitute,** thus drawing interest on dollars that do not exist, thus **manufacturing interest-bearing debts on the people.**

To show the marvelous workings of this Clearing House Association machinery—not patented, not incorporated, entirely outside of the law, never contemplated as a part of our money system, its proceedings not subject to judicial review. In 1911 the 140 Clearing House Associations' transactions amounted to $92,420,120,092. In short, this Bankers' Invention or Scheme enabled the Banks in the United States, by having their checks exchanged and cancelled, thereby reducing the amount of cash used to the basis of paying in money only $4.78 on $100,000 of checks on the bank.

¶ The whole system enabled the banks to inflate the currency system by loaning their credit as a substitute for money, making every actual dollar the basis of earning interest on five times the amount, thereby pyramiding debts on a narrow real money basis. The inevitable result in any attempt to collect these debts is a panic. I desire to call attention to the advantage that the bank has over the borrower and the public generally in this transaction. The bank loans the borrower its credit, a thing of no material value, yet the borrower has to pay off this credit with actual money.

¶ This makes it an unjustifiable exaction against the borrower that should not be allowed in itself, and for another serious reason that it affects most injuriously the general public, for the rea-

son that when the banks desire to **increase** their money reserves, or cash holdings, they call for cash payments of these inflated bank credits when it is most difficult for the borrower to get hold of money; the result being he has to sacrifice his property in a contracted money market at less than its true value, and, if the banks become apprehensive as a result of a falling market, caused by their own action, and make additional demands upon their borrowers for money and curtail their discounts, a depression, or panic, is the result, which becomes a harvest to the bankers, for, having the use of money, they can buy the best securities forced on the market for a mere song, and sell them, when prosperity returns, at the top of the market. It is here clearly shown that it is the inflation and sale of these bank credits that cause panics, and the great losses and suffering inflicted upon the people thereby.

¶ This plan was put in operation by the banks through the circular issued by the American Banking Association directing them to call in half their loans and retire one-third of their bank note circulation. The panic of 1893 was the direct result of this action of the banks, by a well-thought-out and deliberate scheme to destroy the business and property of the people. The panic of 1893 was one of the worst in point of loss and duration ever known in this country.

¶ The same acts will cause a panic any day in the year. Yet what is everybody's business seems to be nobody's business—and these banks hold the lives, happiness and prosperity of the people entirely in their control.

¶ It is conclusively shown in this pamphlet that the object sought by the banking interests was to reduce the supply of real money issued by the Government to the minimum, so that the people, in order to do business, would have to use bank credits as a substitute for money. Thus a loan to the borrower may have no real money back of it. Simply a bank credit, but it at once becomes a money demand against the borrower, and every loan collected by the bank withdraws from circulation so much money. This deliberate plan to exploit the people has been systematically worked out by those who have established the present banking system whereby the people have been put absolutely at their mercy. Under the operation of their well-perfected plan, it is only necessary for the banks to call in a small percentage of their loans amounting to the fabulous sum of $13,046,000,000 and withdraw at the same time one-third of their india-rubber banknote circulation, amounting to $711,099,938, and it would produce a panic and contraction of the currency sufficient to destroy business prosperity of the country, relegate millions of people into enforced idleness and create widespread ruin and poverty. It should be borne in mind by the people that the large banking institutions have protected themselves against losses from these artificial panics, all of which are the result of the vicious system they have put into operation, as they are enabled to take advantage of panics with tremendous profit to themselves. It will be seen that, while the people are left in a defenseless position, being unable to get hold of money or discount their paper at the bank, the

banks, through the operation of the Clearing House Association, find absolute protection, as the organization constructed by themselves, entirely for their own benefit, in plain violation of the law, usurping the function of the highest act of sovereignty, issuing that which is practically money in their Clearing House certificates. I would ask the people to realize that, when they are unable to get hold of money or any substitute to protect themselves against ruin, this central power of the banks gives them the use of a far more potent substitute, for they can use these Clearing House certificates to settle their net balances at the Clearing House, where \$4.78 takes care of \$100,000 of checks drawn by the people on the banks. In the panic of 1907 the New York Clearing House alone issued \$101,000,000 of these Clearing House certificates for the use and protection of the New York banks, for the use of which the banks only put up miscellaneous securities.

THE AMERICAN BANKERS ASSOCIATION.

Panic Circular.

IN order to show that the people were deceived in the Presidential Campaign of 1892 and that the money power was the controlling force back of this campaign and that their purpose was to stop the Government from adding to the currency system by the coining, or use of any more silver as currency, and by doing this increase the hold of the money power and banking interest over the money system of the United States, in the Campaign of 1892 the people were kept excited and their attention centered on the Tariff, the Nominal Issue, while the real issue was being kept from them. They talked Tariff while the real issue was money. A valuable witness is at hand from the inner money circle to prove that this was the case in 1902. Mr. Solomon, a partner of Speyer & Co., International Bankers, made the following statement in the "Forum" for July, 1895, entitled "Sound Currency and the Dominant Issue."

> It was well understood that a reform of the tariff was to be the nominal issue of the campaign of 1892, and that all the changes were to be rung upon that theme, but enthusiasm for a reform of the tariff would not have produced for the anti-snapper movement the

sinews of war. What did produce them was the conviction that the triumph of the Democratic party, with Mr. Cleveland at its head, would mean a repeal of the purchasing clause of the Sherman Act. A large number of the men who joined actively in the work of organization, though also tariff reformers, could not have afforded to make the numerous self-sacrifices necessary to taking an active part in a canvass on any but such a vital issue as that of the maintenance of the integrity of the currency.

¶ This article was written by Mr. Solomon, who was in a position to know the facts, and he put himself on record as above, three years after the people thought they had elected Cleveland upon the Tariff Issue. In this connection, I desire to call the attention of the people of this country to what is known as the American Bankers' Association. This Asociation is made up of local clearing house associations numbering 140, throughout the United States. In other words, the American Bankers' Association is a combination of the various Local Clearing House Associations throughout the United States, composed of the individual banks in the different communities throughout the United States.

¶ The Clearing House Associations are autocratic bodies organized upon the plan of the Clearing House Association of New York, which, in fact, is the parent organization, was formed in 1853, and is one of the important factors of the money power. It is a voluntary organization, has no charter from the state, is not amenable to legislative or

judicial control. It absolutely controls its membership, which at present embraces every large bank and trust company in the City of New York. After a Bank has once become a member of any of these "Clearing House Associations" and uses its machinery to clear for them, the fate of such a bank is absolutely at the mercy of the Association, for the reason that, if the Association declines or stops clearing for them, a run is immediately made upon the bank and it has to close its doors. Bearing in mind the power of the American Bankers Association, which through its Clearing House Association membership reaches every Bank of any importance in the United States, it is obvious that none of them would be willing to antagonize its influence and power.

¶ It is important to bear in mind that, at the time of Cleveland's Inauguration, business conditions throughout the United States were in a prosperous state, crops were good and the mercantile agencies reported conditions "very satisfactory and unusually strong." At this time the Government was purchasing and putting into circulation 4,500,000 ounces of silver a month, represented by United States silver certificates. This the Banks determined to stop, and, as soon as Cleveland had taken the oath of office as President of the United States, the "American Bankers Association," realizing that there was a large majority in Congress against the repeal of this act whereby the Government was issuing additional currency, determined to force its repeal by creating a panic in order to do so. Just twelve days after Cleveland was sworn into office, on March 12, 1893, the American Bank-

ers Association, representing the Incorporated National Banks of the United States, through their all-powerful influence and control of the currency of this country, deliberately planned to destroy the prosperity and business welfare of over 80,000,000 people in order to increase their stranglehold on the Monetary System of the United States, their plan being to drive the people into misery and poverty, hiding their intentions by loudly proclaiming that it was due to the Government adding to the currency by issuing silver certificates, charging that the panic was brought on by the Government using silver bullion and issuing silver certificates to increase the currency. Fortunately, the Panic Circular sent out on the 12th of March, 1893, by this organization, the American Bankers Association, is at hand and can be correctly designated as the panic circular of the organized money power of the United States, as it was the immediate and only cause of the panic of 1893. It reads as follows:

> Dear Sir:—The interests of national bankers require immediate financial legislation by Congress. Silver, silver certificates and treasury notes must be retired and the national bank notes, upon a gold basis, made the only money. This requires the authorization of $500,000,000 to $1,000,000,000 of new bonds as a basis of circulation. **You will at once retire one-third of your circulation and call in one-half of your loans.** Be careful to make a money stringency felt among your patrons, especially among influential business men. Advocate an extra session of Congress

for the repeal of the purchase clause of the Sherman law; and act with other banks of your city in securing a large petition to Congress for its unconditional repeal, as per accompanying form. Use personal influence with congressmen; and particularly, let your wishes be known to your senators. The future life of national banks as fixed and safe investments depends upon immediate action, as there is an increasing sentiment in favor of governmental legal tender notes and silver coinage.

¶ The testimony of Cleveland verifies the condition of prosperity at this time.

> Our unfortunate financial plight is not the result of untoward events, or of conditions related to our national resources; nor is it traceable to any of the afflictions which frequently check national growth and prosperity. With plenteous crops, with abundant promise of remunerative production and manufacture, with unusual invitation to safe investment, and with satisfactory assurance of business enterprise, suddenly financial distrust and fear have sprung up on every side.

¶ That of Senator Hill of New York as to the action of the Bankers in following the directions given them by the American Bankers Association.

¶ Senator Hill, in a speech in the Senate, on August 25, 1893, said:

> They (the bankers) inaugurated the policy of refusing loans to the people, even upon the best of security, and attempted in every way

to spread disaster throughout the land. These disturbers—these promoters of the public peril—represent largely the creditor class, the men who desire to appreciate the gold dollar in order to subserve their own selfish interests; men who revel in hard times; men who drive harsh bargains with their fellow-men regardless of financial distress, and men wholly unfamiliar with the principles of monetary science.

Carlisle Decision Turned Dollars into Debts.

¶ From 1862 to 1893 the control of the government was in the hands of the Republican party. During all this time all legislation on money had been dominated by the banking interest, but at this time the money interest realized that there was a large majority in Congress which was opposed to discontinuing entirely the further use of silver, by the government, as money; so they determined to make the Democratic party their scapegoat and tool in order to put over the next financial conspiracy upon the people of the United States and still further strengthen the hold and control of banks of issue over the circulating medium of the country. There never was a more comprehensive plan put in operation by the banking associations to coerce Congress to pass this bill. The writer was in contact with senators and the representatives of the people in Washington; appeals were being made to them from their constituents all over the United States to withdraw their objections to the passage of this bill, as their banks had notified them that they could not give them banking accommoda-

tions unless this bill was passed. So great was the pressure upon a certain senator whom I knew intimately, and who so clearly understood the fraud that was about to be perpetrated upon the people, that he said: "It was the greatest trial of my life to refuse to comply with their request, yet I would have lost my self-respect and would have surrendered my honest convictions upon a question I knew would be of greatest injury to the people." Holding these convictions, he tendered his resignation to the legislature of his state, which was declined.

¶ In this fight for the unconditional repeal of the silver act the organized banking interests made a direct attack on the silver and silver certificates in order to discredit them, the object of the bankers being to stop any further addition of money issued by the government in order that banks of issue might substitute their notes and strengthen their monoply over the money system of the United States. Space will not permit me to describe the loss and suffering brought upon the people, which covered a period of about six years.

¶ I will now come to the next step taken by this association of the banking interests to absolutely discredit and convert into debts, $350,000,000 of money, that had already been issued by the government. In order to do this I would call attention to the law of 1890, which provides, Section 1, "That the Secretary of the Treasury is hereby directed to purchase, from time to time, silver bullion to the aggregate amount of 4,500,000 ounces, at the market price thereof * * * and to issue, **in payment for such purchases of silver bullion, Treasury notes of the United States."**

¶ Section 2. "That the Treasury notes issued in accordance with the provisions of this act shall be redeemable on demand, in coin, at the Treasury of the United States, and when so redeemed may be reissued."

¶ After forcing through Congress the act stopping the coinage of silver, they put into operation what has been aptly termed "the endless chain process."

¶ John G. Carlisle, who had been speaker of the House of Representatives and a life-long opponent of the so-called gold standard, had stated (I quote him): "According to my views of the subject, the conspiracy which seems to have been formed here and in Europe to destroy by legislation and otherwise from three-sevenths to one-half the metallic money of the world is the most gigantic crime of this or any other age. The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilences and famines that ever occurred in the history of the world."

¶ Cleveland appointed Carlisle Secretary of the Treasury, and the administration, through influence brought to bear by the money interest, determined to increase the public debt by the issue of bonds, and simultaneously to discredit and turn into debts $350,000,000 of United States Treasury notes and silver certificates, and use them to force a bond issue for the benefit of the banks as a basis for the increased issue of national bank notes. The writer has in his possession conclusive evidence of the following statement: Although the law provided that Treasury notes should be redeemed in coin at the discretion of the Secretary of the Treasury,

the whole object of the law being that the Secretary should use the option in the interest of the people and redeem the Treasury notes in either gold or silver, using that which was most convenient at the time, the Bank of France without exception has so exercised this option. President Cleveland used his influence over Carlisle to get him to construe the law so that he should redeem these United States Treasury notes in gold. Carlisle was an able lawyer and familiar with all the statutes bearing on the subject of money, was also aware of the motives of those who were demanding such an illegal construction of this law; he was so much exercised and concerned in the importance of such action that he requested two United States Senators, his closest friends, to confer with him. One was Senator Blackburn of Kentucky, the other Senator Daniel of Virginia. The conference was held at Secretary Carlisle's K Street residence, he having an appointment to see President Cleveland at the White House that night. These two senators urged Carlisle to adhere to the law that plainly stated that the Treasury notes issued in payment for silver bullion should be redeemed in coin, either silver or gold, at the option of the Secretary of the Treasury, and that for him to do otherwise would leave the United States Treasury, the fiduciary department intrusted with the people's money, at the mercy of the moneyed interest. Carlisle left the house saying that he would not relinquish the option to redeem these Treasury notes as provided in the law and allow the holder of these notes to demand gold in payment for them, which would leave the Treasury of the United States in an

absolutely defenseless condition, and enable the holder of these notes to raid the gold reserve of the Treasury. Senators Blackburn and Daniel waited for him to return from his interview with Cleveland at the White House. He had evidently had a long and trying conference, and it was midnight before he returned. He met his friends, evidencing the greatest humiliation, and said that Cleveland had induced him against his own convictions to redeem these Treasury notes in gold. Carlisle looked as if he had sold his birthright.

¶ The unthinking cannot realize the far-reaching significance of this decision. It was the first time in the history of the money of the world that a dollar was decided to be a debt redeemable in another dollar. The direct result was the conversion of 350,000,000 Treasury notes, or dollars,—into debts redeemable in gold. It opened the door of the United States Treasury to the planned attack on its gold reserve and forced an issue of 262,000,000 of bonds on the taxpayers in a time of profound peace. I would impress upon the voters of this country the vital importance to them of this action, as it is the absolutely false and indefensible premise upon which the banking interest of this country proposes to build their so-called National Reserve Association of the United States, viz., the baseless and fraudulent assumption that it is necessary, in order to maintain the equality, or, as they term it, the parity of our dollars, that we should construe all other dollars in our currency system to be debts redeemable in gold, and, in order to deceive the people, they have created a gold reserve of $150,000,000 in the Treasury to be used

in maintaining, as they claim, the equality or parity of our dollars.

¶ Is there a sane, honest man who will contend for one moment that the integrity of our currency system and the equality, parity or purchasing power of the American dollar are maintained in their value by $150,000,000 of gold (ostensibly held as a reserve, yet which can be raided and withdrawn by the money interest at any time), and not by the $134,000,000,000 of national wealth and the services of 94,000,000 people in the United States pledged for its redemption.

PANIC OF 1907.

EARLY in 1907 John D. Rockefeller predicted the "Panic of 1907," and other Wall Street financiers made the same statement, a little later. Why did these men know that a panic was coming? There were no visible signs in the natural or industrial conditions of the country to indicate it. Large crops and great business actually obtained throughout the country. The president of the great labor organizations stated before the Banking and Currency Committee of Congress that just before this panic came labor was universally employed, and at better wages than ever before, and that many were adding to the real comforts of life, when, without sign or warning, this panic came upon them, and that at the time he spoke two million workingmen were idle, as the direct result of this Money-Panic, and in want of the necessities of life. The answer is easily given; these men knew a panic was coming, for the reason that they had the means within their control to create it and had determined to bring it upon the country with the most profitable results to themselves. In addition to the losses sustained by the general public, which they took advantage of, they garnered in the coveted securities of their competitors at bargain prices. The following are conspicuous examples:

¶F. Augustus Heinze, the competitor of the Standard Oil Amalgamated Copper Company, was eliminated. Charles W. Morse, the competitor of J. P. Morgan & Co. in his merger of

the Atlantic Coastwise Steamer Lines, was also eliminated.

¶ Tennessee Coal and Iron, the competitor of J. P. Morgan & Co.'s billion-and-a-half dollar U. S. Steel Trust, was eliminated. How was it done?

¶ Heinze and Morse were destroyed as competitors by the wrecking of what was known as the Heinze and the Morse banks—the first victim being the Knickerbocker Trust Company, which later proved to be thoroughly solvent.

¶ Tennessee Coal and Iron was destroyed as a competitor by the all-powerful banks in New York promptly refusing to continue loans, in the midst of the panic, unless the bonds of the U. S. Steel Trust were substituted for the securities of the Tennessee Coal & Iron Company held by them as collateral.

¶ This is the most astounding financial transaction on record of high finance. This transaction was put over the President of the United States, and not one dollar changed hands. The great and only competitor of the Steel Trust was absorbed and paid for with the securities issued by the Steel Trust—and not one dollar of money put in the banks to check the panic.

¶ As there was nothing in the physical conditions of the country to cause a panic at this time, and, as we know, the dominating money interests in New York, the principals in this conspiracy, can bring on a money panic of this kind at any time, it is only necessary to apply the ordinary laws of evidence as applied to conspiracies and look for the motive, and then proceed to find the criminal. In this panic the motive is plain, and, as conclusive evidence of guilt, we find the goods in the possession of the criminals.

RESPONSIBILITY RESTS WITH THE PEOPLE.

NOTHING will ruin the country," said Webster, "if the people themselves will undertake its safety: nothing can save it, if they leave that safety in any hands but their own."

¶ After having given the history of money the most careful study as an economic question, and familiarized myself with all the laws enacted by Congress upon the subject of money, currency, and National banks, and having had the opportunity to study at close range the representatives of the people in Congress here in Washington for the last thirty years, and owing to the present vital importance of the money question now as an issue before the voters, I deem it nothing more than my duty to state to them that a large majority of their representatives in Congress are moral cowards on this subject, and the people, in justice to themselves, can no longer leave this all-important subject to their representatives.

As the last remarkable evidence of such action by the representatives of the people in Congress, I would call attention to the fact that, after having appropriated over $300,000 of money of the taxpayers, which was spent by the National Monetary Commission to investigate the monetary and banking systems of the world, a Bill was subsequently presented in Congress to "investigate the money trust" in the United

States, the controlling majority in the House of Representatives held a caucus on this bill and defeated it by a large vote. It is true when they heard the result of this action and that it was a political mistake that jeopardized them individually, they moved for a reconsideration and passed the Bill and appointed members of the Banking and Currency Commission whose environment was that of the moneyed interest, to do the investigating. The banks refused to acknowledge the power of Congress to have this Committee investigate them. A Bill was passed by the House May 26, 1912, and the Senate was asked to concur in granting additional power to examine the banks in order that the Committee might continue the investigation.

¶ The bill was referred to the finance committee of the Senate, after suppressing it for several months. This committee made an adverse report, practically saying that the banks should not be investigated. This conclusively demonstrated that the most important committee in Congress is still dominated by the money power, previously represented by John Sherman and Nelson W. Aldrich, as chairmen of the Finance Committees of the Senate.

¶ Boies Penrose, the boodler of Pennsylvania, is now the chairman of this finance committee of the Senate and at the same time has both feet in the trough of the Standard Oil Company at Broadway, New York.

¶ Of such are the tools of the builders of National Banks of Issue and the Money Trust of the United States.

¶ Nelson W. Aldrich was a Senator and also chairman of the Finance Committee, drawing

his salary from the taxpayers of the country, and retired a multi-millionaire. He is an understudy of John Sherman.

¶ In 1854 John Sherman entered Congress a poor man, and, when subsequently made Chairman of the Finance Committee of the Senate, betrayed his own people into the hands of foreign bankers and their agents and correspondents in the United States. While in the Senate he drew his salary of $6,000 a year from the taxpayers of the country, lived in luxury, and retired worth over $3,000,000.

¶ The Senate, although having ample time after the Finance Committee made its report, adjourned without passing this bill. The result shows that although they could appoint a National Monetary Commission in the interest of banks, and authorize the expenditure of over $300,000 of the taxpayers' money, to investigate foreign banking systems, which resulted in their recommending the present money trust bill now pending in Congress, and pass another bill endorsing the investigation of the rural credit system of banking in foreign countries, where the people have been reduced to hopeless poverty, there was not enough manhood or moral courage in the United States Senate to pass a bill that had been forced through the House of Representatives "to investigate the Money Trust" in the United States, in order that the people might escape from its oppressions.

¶ I urge upon all voters to apply this crucial test to their representatives before supporting them.

¶ Make them commit themselves squarely and unequivocally to these questions. Do you believe Congress should exercise its sovereign

power as provided in the Constitution of the United States to create money and regulate the value thereof and control the circulating medium in the interest of the whole people? Or do you believe this sovereign power should be transferred to Banks of Issue?

¶ Their answers will prove conclusively whether they are **with** the people or **against** them.

¶ Or do you believe that Banking Corporations should issue a credit substitute and through it control the money and circulating medium of exchange of the people of the United States in their own interest?

¶ Watch your presidential candidate carefully and see that he commits himself clearly on this vital question. It will be a true test of his honesty and fitness for the office. Admitted ignorance on the money question should not excuse him. The subject is as old as our Government, and if he does not know enough about it now to answer these test questions, he is not qualified to fill the position he aspires to, and should not ask your votes.

¶ If he is unwilling to commit himself before election, he would be able, after becoming President of the United States, to fall in line with the great banking and corporate influences that have controlled the finances and business of the country up to the present time, and enable them to enact into law the Morgan-Rothschild-Aldrich-Bankers Bill now pending in Congress; **or a bill based upon the same principles, which would make permanent the absolute control of all the business of the people of this country by a gigantic money trust.**

THE REMEDY.

A BILL to establish a monetary and banking system to conform to the Constitution of the United States.

¶ Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be established at Washington, District of Columbia, the Capital of the United States, a Government bank of the United States. The Government of the United States shall deposit its cash balance with the Government bank of the United States, and thereafter all receipts of the Government shall be deposited with the Government bank of the United States, except, that when necessary, the Government bank may designate other banks for that purpose in cities where there is no branch of the Government bank of the United States. All disbursements by the Government shall be made through the Government bank of the United States.

¶ Sec. 2. The Government bank of the United States and its branches shall pay no interest on deposits.

¶ Sec. 3. The Government bank of the United States may rediscount, for any bank having a deposit with it, notes and bills of exchange arising out of commercial transactions and having two commercial signatures—those of drawer and drawee—with the additional indorsement of the bank. This privilege is also granted to individuals on notes and bills of exchange arising out of commercial transactions having three commercial signatures, those of drawer, drawee, and indorser. In place of one of these signatures, however, stocks or bonds may be deposited as security, upon which interest or dividends have been paid consecutively for a period of not less than five years and a statement of the physical valuation of the property upon which they are issued shall be filed with the Government Bank of the United States.

¶ This shall apply to all notes and bills of exchange issued or drawn for commercial, agricultural, or industrial purposes, and under no circumstances for carrying stocks, bonds, or other securities for speculative investments.

¶ Sec. 4. The Government Bank of the United States shall collect checks or bills of exchange payable in foreign countries for banks and individuals in the United States at a minimum cost. These bills of exchange must bear the

name of two or more responsible parties. It shall be the duty of the Government Bank of the United States or any of its branches, upon request, to transfer any part of the deposit balance of any bank having an account with them without cost.

¶ Sec. 5. The Government Bank of the United States and its branches shall at once, upon application and without charge for transportation, forward its circulating notes to any depositing bank against its credit balance.

Note Issues.

¶ Sec. 6. There shall be no further issue of circulating notes by any national bank beyond the amount now outstanding. The Government Bank of the United States will offer to purchase at a price not less than par and accrued interest the 2 per cent bonds held by national banks and deposited to secure their circulating notes. The Government Bank of the United States shall take over these bonds and assume responsibility for their cancellation (upon presentation) of the outstanding notes secured thereby. The Government Bank of the United States shall issue, on the terms herein provided, its full legal-tender notes, lawful money of the United States, as fast as the outstanding notes secured by such bonds,

so held, shall be presented for redemption, and may issue other notes from time to time to meet business requirements, it now being the policy of the United States to retire as rapidly as possible, consistent with the public interests, bond-secured circulation, and to substitute therefor real lawful money of the United States in place of banks of issue promises to pay—credit money. All notes issued by the Government Bank of the United States shall be full legal tender and payable for all debts, public and private, and constitute a first lien upon all the assets and services of the people of the United States for their redemption.

¶ Sec. 7. The governor of the Government Bank of the United States shall be appointed by the President of the United States and confirmed by a two-thirds vote of Congress.

¶ Recognizing the sovereignty and equality of the States, each shall be entitled to a director in the Government Bank of the United States, appointed by the governor of the State and to be confirmed by a two-thirds vote of the legislature thereof.

¶ Sec. 8. There shall be a rigid inspection of all banks and a full report of their condition made and the character of business transacted, before being allowed to deposit for rediscount any of

their paper with the Government Bank of the United States or any of its branches.

¶ Sec. 9. There shall be a branch of the Government Bank established in every important city in each State, and the rate of interest shall be uniform throughout the United States. To put the people of the United States on the same working basis as those of France, England, and Germany the rate should not exceed 4 per cent. The manager of each branch of the Government Bank of the United States shall be assisted by a local board of directors, selected from among the best qualified commercial, agricultural, and industrial representatives in the region. No officer or director of the Government Bank of the United States, or its branches, shall be allowed to borrow from same, but shall receive a fixed compensation for his services, and be a bonded officer.

¶ Sec. 10. The Government Bank of the United States shall be restricted in loans on collateral to approved railroad, municipal, telegraph, and telephone bonds, upon which interest has been reguarly paid out of its earnings for a period of not less than five years and a full statement showing the real physical valuation of the property upon which these are issued shall be filed with the Government Bank of the United States. A margin of not less than 25 per cent shall be

required on all such securities, upon which the Government Bank of the United States is authorized to lend.

¶ Sec. 11. It is further provided that the Government Bank and its branches be empowered to lend money upon approved farms in the United States at not more than 50 per cent of their value and at a rate of interest not exceeding 5 per cent, and that the Postal Savings Banks may be also utilized to this end.

¶ Sec. 12. The earnings of the Government Bank from all sources, after paying the conservative and legitimate expenses of the bank and its branches, shall be applied to the payment of the general expenses of the Government, thus reducing the taxation upon the people of the United States.

¶ Sec. 13. And be it further enacted, That all the money heretofore issued by the Secretary of the Treasury of the United States, authorized by acts of Congress, shall be substituted by lawful, full legal tender money of the United States, thus destroying forever the operation of the endless-chain process upon the United States Treasury.

¶ Sec. 14. No banking or financial institution underwriting industrial stocks or bonds of a speculative character or lending money thereon shall become a depositor, borrower, or rediscount any of its securities, directly or indirectly,

with the Government Bank of the United States or its branches.

¶ Sec. 15. No banking institution allowing its officers, directors, or stockholders to use the deposits of the bank for private profit, directly or indirectly, or through the co-operation of others for like purpose, shall be allowed to open an account or rediscount any of its paper, directly or indirectly, with the Government Bank of the United States or any of its branches.

¶ Sec. 16. It will be the policy of the Government Bank and its branches to discriminate against those banking and financial institutions carrying demand loans against their borrowers.

¶ Sec. 17. And whereas upon the demonetization of gold, which must come to pass, the United States stands now to be the greatest loser, as is shown by the following figures:

Gold coin in United States Treasury Dec. 1, 1911 . .	$1,000,823,215.00
Gold bullion in United States Treasury Dec. 1, 1911	183,332,234.00
Gold coin in banks and in circulation	613,465,602.00
	$1,797,621,051.00
Net exports United States gold coin June 30, 1911, to be redeemed	787,837,314.00
	$2,585,458,365.00

Real metal value 50 cents on the dollar; loss to the people of the United States	1,292,729,182.50

¶ Sec. 18. It is therefore further enacted that no more gold shall be coined into American dollars by the United States.

¶ Sec. 19. In order that there may be a steady and normal increase of real money into the money system of the United States to keep pace with the increase of population and national wealth, the Government Bank of the United States is authorized to issue an annual increase of 3 per cent of lawful money of the United States, same to be used and paid out as is the money now received from the taxes of the people.

¶ Sec. 20. The above percentage of annual increase of the money of the United States shall not be changed without six months' notice in the paper having the largest circulation in each city of the United States and by a two-thirds vote of the ensuing Congress.

¶ Sec. 21. The Government Bank of the Uuited States shall have the power to issue emergency currency in case of threatened panic only, and shall retire same as soon as justified.

¶ Sec. 22. That no banking or other corporation or association of men shall be allowed to issue any kind of money, currency, or any credit substitute for same.

Effects of the Bill.

¶ 1st. Free the Government and the people of the United States from the domination of the money power by taking the control of the money of the country out of the hands of banking corporations and restoring its control to the Government to be exercised in the interest of the whole people.

¶ 2nd. Enable the people to always get the use of money in legitimate business at a reasonable and uniform rate of interest. The market rate being fixed by the Government Bank, all private banking corporations would have to meet this competition, the effect has been well described by the Governor of the Bank of France. "On certain points there may be competition, and it is on account of this salutary competition, that wherever a branch of the bank has been established the rate of discount has been perceptibly reduced in the interest of commerce."

¶ 3rd. Prevent money panics and contractions of the currency. There would be no occasion for a money panic as all solvent banks doing a legitimate business could rediscount their paper at the Government Bank and get the cash when needed.

¶ The Government Bank would thus be the supreme resource, not only of the banks, but of the people in time of need and thus prevent a contraction of the circulating medium of exchange, the sole cause of panics.

¶ 4th. Redeem United States bonds, thus paying off the national debt by substituting lawful, full legal-tender money for the present panic-breeding credit money issued by the National

Banks, thus saving the taxpayers $711,099,938.00 principal and $21,332,998.00 annually in interest, which, under the money trust bill now pending in Congress, would run for fifty years at 3 per cent, amounting in principal and interest to the enormous sum of $3,151,626,000.00 to be paid by the taxpayers.

¶ 5th. Increase real producers and decrease non-producers by the restrictions imposed by the Government Bank, in refusing as security for loans, bonds and stocks not earning interest and dividends and not giving physical valuation of properties upon which secured. Refusing to do business with banking institutions underwriting industrial stock or bond operations and the loaning of money to non-producers, gamblers and parasites on such securities, thus preventing the manufacture of artificial debts upon the people.

¶ Money would then go into legitimate and productive enterprises, thus increasing real producers and decreasing non-producers.

¶ Give immediate relief and encouragement to the agricultural interests, increase the demand for farm lands, multiply individual homes of real producers, increase the food supply, and reduce the high cost of living.

¶ 6th. It will stop the manufacturing of artificial debts upon the great industrial and commercial enterprises of the United States.

¶ 7th. Stop trust combination and inflated stock operations. It would keep bankers from going into partnership with the promoter to participate in the profits of the underwriting of such securities, as no legitimate banking institution could accept them as securities for loans.

¶ 8th. Do away with the present useless and pernicious bank reserves and keep this money in circulation among the people in the communities where it belongs. For any bank complying with the requirements of the Government Bank of the United States, when it needed cash, could obtain it from the Government Bank by rediscount of its paper.

¶ This Bill will make it unnecessary for the United States to coin a gold metal, that under the operation of the great natural law of demand and supply is not worth more than 50 cents, into an American Dollar worth 100 cents. If foreign countries are ignorant enough to take gold from us at its present value we would be very fortunate indeed in letting them have it, as full legal tender money could be issued in its place, and the people of the United States make the profit.

¶ Answering the howl that will go up from these banking and trust promoters "that the Government should not go into the banking business and compete with private banking corporations, and that a failure will be the result," will refer to France, which has the only Government-controlled bank in the world (whose assets are $1,128,223,555), and if the French Government owned the Bank of France it would be far better. As it is, France has not had a panic for 50 years, and the people permanently enjoy a uniform and low rate of interest. This is the testimony of its largest rival in banking business, The Credit Lyonnais, with assets of $415,964,134.

¶ This bank is organized subject to the law of joint-stock companies and enjoys no special concession.

Interview in 1910—Baron Brincard.

Q. Do you find the Bank of France competes with you in any way?—A. No.

Q. They receive accounts from individuals and small tradesmen in the branches, do they not?—A. Yes; but they do not grant uncovered credits. There is no competition between the Bank of France and the other banks, because they do not do the same kind of business. The Bank of France receives deposits, but does not allow interest upon them; it only discounts bills with three signatures; it is the banker's bank; it acts as the regulator of the money market.

Q. For loans on collateral the Bank of France only accepts certain classes of securities, and all other classes of securities are left for the other banks?—A. The Bank of France is quite impartial; it gives no preference to anyone; there is no favoritism.

Q. Have there been any suggestions of change in the system of the Bank of France, or is it regarded as satisfactory?—A. We regard it as the best system in the world.

Q. What would you say are the particular functions of the Bank of France aside from the note issue?—A. It regulates the rate of discount and in the exercise of its functions it automatically distributes the money in the country where it is required, and this role is perhaps as important as that of regulating the rate of discount. The Bank of France discounts bills in every part of the country, and gives notes, gold, and silver in the proportions that they are wanted in every part of the

country. It is the public itself which indicates the distribution of the money in France by presenting bills for discount, and by asking the Bank of France for the kind of money it needs, and turning in the kinds it does not need.

Q. The elasticity in your system is furnished by the note issue of the Bank of France?—A. Yes; the Bank of France is the basis of our banking system and for banks to rediscount. Its organization presents a maximum of safety.

Testimony of M. Pallain, Governor of the Bank of France.

Q. You admit to discount certain classes of bills which are also discounted by the other banks, and with whom the Bank of France must therefore find itself in competition?—A. On certain points there may be competition, and it is on account of this salutary competition that wherever a branch of the bank has been established the rate of discount has been perceptibly reduced in the interest of commerce.

Q. Is the rate of discount at all times the same at the Central Bank and at the branches?—A. Yes.

Q. Does the Bank of France make the same charge for discount of bills and for loans on collateral?—A. The bank usually charges somewhat more for loans upon collateral than for discount of bills. The rates at present are 3 per cent and 4 per cent, respectively.

Q. Are you restricted in the classes of securities on which you may make advances?—A. Securities which may be admitted as collateral are limited by law and decrees which govern the bank and include collateral of easy conversion into cash, such as should at all times be required by a bank of issue. These securities are generally guaranteed by the state, the departments, municipalities, or French colonies.

Q. Do the banks rely implicitly on the Bank of France to grant them credit when they require it?—A. They know very well that in time of difficulty we are the supreme resource.

Q. How is your note issue limited?—A. The maximum note issue at present authorized is 5,800,000,000 francs. The actual note issue on August, 1910, was 4,600,000,000 francs.

Q. In other words, the bank seeks to regulate the amount of its note issue by the demands of business?—A. By virtue of the statutory machinery the emissions of the bank are essentially variable and are commanded precisely by the discount or loan operations. It is, therefore, the bills presented for discount and the requests for loans—that is to say, requirements of business — which fix the amount of the issue.

A. The stability and the moderation of the rate of discount are considered as precious advantages, which the French market owes to the organization and traditional conduct of the Bank of France.

Q. Do you think that it would, perhaps, be more advantageous for the Bank of France, considered simply as a bank, to impose different rates under different circumstances at different places?—A. As a banking establishment, if we thought it advisable to apply different rates, we could easily become the masters of the market. But in our position of Bank of France, organized to serve the interest of public credit in a democratic country, we do not believe ourselves justified to use this option.

¶ It has been demonstrated in Daniel on Real Money that there is no such thing as a Gold Standard and that gold is a handicap instead of a help in international trade. In fact it is conclusively shown that the so-called gold standard is a monumental fraud perpetrated by the money lenders on the unsuspecting people of the country because of their heretofore ignorance on the subject.

¶ England adheres to the so-called gold standard as it enables her to sell to the outside world her annual output taken from her South American gold mines amounting to $261,372,389.00, not worth more than 50 cents on the dollar, thus yielding her a profit of $130,686,195.00 annually. England keeps little of this gold herself, but unloads it on other countries. In the last report of the Director of the Mint, 1911, the following statement is made: "The two countries of Europe which made the greatest industrial progress during this period (the last ten years) were unquestionably the United Kingdom and Germany, and of the $863,000,000—of

gold—distributed to all European Banks of Issue, these two which hold the final reserves of money and credit for these countries, secured less than $60,000,000.

¶ An examination shows that England, now supposed to dominate the world on a gold basis—and owning more gold mines than any other country—has been getting rid of it as fast as possible, and during this period of ten years her banks have added only $10,000,000 to their reserves.

¶ As long as the United States remains on the so-called gold basis and Europe holds enough American securities to withdraw the gold, this great country and its business will remain at the mercy of the European money-lenders. On the other hand, if the United States would assert its overpowering importance over these practically bankrupt European countries and put its National wealth back of the full legal tender American dollar and use properly its balance of trade against them, it would become at once the dominating money center of the world.

Instead of an American Money System Dominating the World, We Have the Present Financial Death Trap.

¶ The economic condition of the people of the world and their suffering are written in the history of money. From the beginning of civilization it has been the ruling force and the main object of men; for since barter was substituted by money, the medium of exchange, men must first have money in order to get the things they de-

sire; hence universal demand falls upon money, therefore money is the most important economic factor in the business life of the people of the world.

¶ The United States made a new and correct departure in its form of government, and it should also have established a new and correct monetary system in accord with its Constitution, whereby the people could have accumulated unmortgaged National wealth, acquired property and paid off their debts and become a really independent people. But before the smoke of battle of the Civil War had cleared away, the foreign money powers fastened upon this new Republic the Bank of England money scheme, 'Banks of Issue" and gold redemption of credit money. Their agents—American bankers—cooperating with them, established this monetary and banking system, with the intelligent, deliberate and definite purpose to exploit and financially enslave the people of this Western Hemisphere by manufacturing debts, National, Corporate, and Individual, upon the people.

The Precarious Condition of the Property and Helplessness of the People Under Present Money System.

¶ Total amount of all kinds of money in the currency system of the United States, June 11th, 1911—$3,214,000,000. Deduct 25 per cent for the bank reserves. That might as well be at the bottom of the ocean so far as the people are concerned,—this would leave $2,410,500,000. Upon this amount of available currency the Banks have made investments in Bonds, Stocks and other Securities amounting to $5,051,900,000.

Above this they have loaned bank credits to the borrowers, until the total discounts and loans amount to $13,046,000,000. To sum up, the Banks have demand loans against the people amounting to $2,600,060,760, and loans becoming due amounting to $10,626,500,000.

¶ It can be readily seen that the largest part of this $13,046,000,000,—loaned the people, was not money, but the credits of the Banks, upon which they earn interest, yet the borrowers have to make payment in money. Now add to this the fact that the so-called National Banks have issued into this currency system $739,165,313 of their bank notes, which they can call in at any time, and the machinery of this financial death trap against the borrowers and the property of the people is complete and ready for action at any time.

¶ A panic circular, sent out by the American Bankers' Association, directing the banks to withdraw their note circulation and call in loans can always produce a panic. It is equivalent to directing the banks to contract the currency, make dollars difficult for the people to get, and demand that the borrowers pay their debts in money—when manufactured by bank credits—at the very time they have made it impossible for the borrower to get money, having withdrawn it themselves from circulation.

Power of this Financial Death Trap Over the People.

¶ To drive down the value of property or securities in order to buy them in.

¶ To bring on a panic and business depression

to force legislation favorable to them through Congress.

¶ To discredit an Administration antagonistic to their financial and business operations.

¶ To bring down the general level of all prices and destroy the equity in the property of the people, so that the holder of the mortgage will own the property.

¶ To make the rich richer and the poor poorer.

¶ It is only necessary for the American Bankers' Association to notify its members to withdraw $\frac{1}{4}$ of its circulation, call in $\frac{1}{4}$ of their loans, and this financial death's trap has closed upon its helpless victim in every state.

¶ All the activities of the people are paralyzed by the contraction of the life fluid of business. Debtors become cowards and supplicants and cry for help. Its blighting influence is felt directly or indirectly in every home and hamlet in this Country.

¶ As a result of establishing Banks of Issue and the gold basis swindle in the United States, the interest and dividends upon manufactured debts is absorbing the net proceeds of labor and thus prevents the people from ever ridding themselves of the bondage of debts.

¶ A money system which caused the rich to grow richer and the poor to grow poorer can be advocated only by an enemy of the human family.

¶ The effect of the present dishonest and fraudulent money system is to impoverish and destroy that great and honest middle class of moderate means that stand between those in want and revolution.

¶ To make the rich richer and the poor poorer,

is the greatest crime that can be perpetrated against a people; it not only takes from the poor the dire necessities of their lives, but destroys their moral well being and brings about a degradation that drives from their souls the image of their Creator.

¶ Having traced this gold basis swindle from its origin in the Bank of England and the treasonable methods by which laws were passed through Congress, imposing it on the United States, resulting in the all-powerful control over the business of the people exercised through the machinery of the present money power, and having given the remedy, I call upon American manhood to assert itself and do away with this gold basis credit money system, **establish property as the thing of value, money as the medium of exchange, make man the master above the dollar**, free the people from financial bondage and save this Republic.

Arrangements have been completed to prosecute the sale of these Books in every Congressional District in the Union.

Copies of

"High Cost of Living"

Cause—Remedy

have been delivered to the late Presidential Candidates, to the Governors of every State and Territory in the Union, to every member of Congress and to each of the Judges of the Supreme Court of the United States.

Copies of Daniel on "Real Money" were sent on the following date to

April, 1911

Woodrow Wilson
Theodore Roosevelt
William H. Taft
William J. Bryan
Robert M. La Follette
Champ Clark
Oscar W. Underwood

The criminal nature of the majority of our "public servants" was seen long ago.
wgl
7-1-89

DANIEL ON REAL MONEY

WASHINGTON, D. C.

The Author has so elucidated this apparently difficult subject, that it is now criminal negligence for any one not to understand it, in order that he may protect himself, his family and his country.

INDEX

The Constitution of the United States provides that Congress, *which means the people,* shall have the right to *create money* and *regulate* the *value thereof.*

Shall this sovereign right to *create, issue* and control *money,* the most important factor in the welfare of the human family, the measuring medium of the value of all services for hire, and property of all the people, be transferred to Banking Corporations or a Money Trust?

This is the most vital question to be answered by the voters of this Country.